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NEWS SUMMARY

GENERAL

Deaths mount as IRA reacts

Violent reaction from extremists to the setting up of the Northern Ireland Executive added three deaths to the toll in the province, including that of the 200th British soldier.

Bombs were placed outside the home of the Lord Chief Justice and in commercial premises and there were rocket attacks on two police stations. Most of the violence appeared to be IRA inspired.

Guardsman David Roberts, aged 25, of the Welsh Guards, from Holywell, Flintshire, was killed by a remote-controlled mine when he was patrolling the outskirts of Crossmaglen, Co. Armagh. Back Page

Arabs' hijack jumbo jet

KLM Royal Dutch Airlines jumbo jet carrying 271 passengers from Beirut to Tokyo was hijacked and forced to land at Damascus. The hijackers identified themselves as "the organisation of nationalist Arab youth for the liberation of Palestine."

MP urges curbs on speedboats

Bill to control the use of speedboats may be introduced in the Commons by Mrs. Renee Short (Lab., N-E Wolverhampton). She referred to the acquittal of a girl accused of malicious wounding and causing bodily harm after a speedboat she was driving hit a skin diver and said: "They can be driven without proper instruction and there is no protection for bathers."

Students plan rent strikes

Rent strikes at more than 40 universities and colleges early next year were discussed at a conference in Margate of the National Union of Students during a debate on a 3,000-word motion demanding improved grants. Page 31

Tanaka selects his critic

Mr. Takeo Fukuda has been appointed Japan's new Finance Minister by Mr. Kakuei Tanaka, the Prime Minister. Mr. Fukuda has been the main critic of the Government's economic policies within the ruling Liberal Democratic Party. Page 7

'Mousetrap' is 21

Agatha Christie's thriller The Mousetrap became the first play in the world to be presented continuously in the same theatre for 21 years. It opened at the Ambassador's Theatre, London, on November 25, 1952.

Brandt for Paris

Chancellor Brandt of West Germany arrives in Paris to-day for the third Franco-German summit this year. His talks with President Pompidou could lead to better political co-operation in Europe. Page 7

Russia rally

Russia has given permission to the RAC and United Dominions Trust for next year's World Cup motor rally to be routed through the Soviet Union.

Bigger things

Two sisters, aged 38 and 44, who used to run a poodle parlour, are training to operate six ton mechanical shovels at a plant operators' school near Chorley, Lancashire.

Briefly

Weekly £25,000 Premium Bond prize was won by the Monmouthshire holder of Bond No. SYT ...55.

Astronomer Royal Sir Martin Ryle has been awarded a Royal Medal for his contributions to radio astronomy.

BUSINESS

Slowdown in grocery price rises

● THE RATE of increase in the Financial Times Grocery Prices Index slowed in November to show a rise of 1.7 per cent. on October. The index has risen by more than 18 per cent. in the 12 months since the beginning of the Government freeze on prices. Page 33

● PRESIDENT NIXON has banned Sunday petrol sales and restricted display lighting in an attempt to restrict America's energy consumption. Back Page

● HOUSEWIVES believe that the main reason for rising prices is Britain's entry into the EEC, according to a survey carried out by The Grocer and the J. Walter Thompson Organisation. Page 6

● WEST GERMANY is so concerned to keep down expenditure for the proposed European regional fund that Bonn may be willing to forgo all German claims on the fund, informed sources said. Page 7

● EMPLOYEES at the Genoa headquarters of Shell Italiana go on strike to-day to try to save their jobs. They believe there is an agreement to sell control of the company to ENI, the state oil and energy corporation. Back Page

Industry seeks more news of oil exemptions

● INDUSTRY, which this week will feel more of the impact of the 10 per cent. reduction in oil supplies, is urging the Government to give more information about exemption rights. Page 8

● REPRESENTATIVES of some 400,000 local government white collar workers will this week put their case for consideration under the Pay Board's inquiry into pay relativities. Page 31

● A CALL for a national one-day strike by dockers on December 3 has been made by the unofficial National Ports Shop Stewards Committee to support demands for 20 per cent. pay increases. Page 31

● CONSUMER CONFIDENCE remained this month at October's low level. The survey, commissioned by the Financial Times, showed a drop, however, in the number of people who felt the time was a good one for buying consumer durables. Page 6

● KEY PLANS to speed up the rate of mergers within the Co-operative Union are to go before the movement's policy-making committee this week. Page 6

● STRENGTHENED marketing effort and the downward float of sterling have contributed to a 45 per cent. improvement in GEC export orders. Page 6

Union supports ambulancemen

● OFFICIAL BACKING for the ambulancemen's pay dispute, which is affecting a third of the country's services, has come from the main union involved, the National Union of Public Employees. Page 31

● MR. O. R. JESSEL, chairman of Jessel Securities, says the temporary restraint on dividend increases is "an excellent policy" for the company and for industry. Page 34 and Lex

● JOSEPH LUCAS (Industries) believes major growth is to be found outside Britain and is promoting more strongly its expansion in Europe and North and South America. Page 34 and Lex

ON OTHER PAGES

Bloodless Greek Army coup ousts Papadopoulos

BY OUR OWN CORRESPONDENT

ATHENS, Nov. 25.

The Greek armed forces to-day staged a bloodless pre-dawn coup which ousted President George Papadopoulos from power and replaced him with General Phaedon Gizikis, commander of the First Army.

A proclamation read over the radio and television networks made it clear that the new régime disapproved of the policy followed by Mr. Papadopoulos, the former artillery colonel who master-minded the Army seizure of power in April 1967.

It said the aim of that revolution had been to save the country from chaos and create conditions for a sound parliamentary democracy. But two referendums had failed to produce a workable constitution and the nation was again being dragged into an electoral adventure and faced new dangers.

No mention was made of the political inclinations of the new régime, but they seem to be pro-western.

On television to-night General Gizikis said he would perform his duties in a spirit of moderation and impartiality. The new Government would work to restore peace and the unity of the Greek people.

Observers here were inclined to believe to-day's lightning coup was carried out by officers dissatisfied with the "personality cult" developed by Mr. Papadopoulos and the concentration of power in his hands which made him the sole arbiter of all future political developments.

Mr. Papadopoulos was also reported to have opposed the appointment of General Gizikis, 56, as chief of the armed forces last August. He appointed General Demetrios Zagorianakos, a friend and close associate, to the post.

Mr. Adamantios Androutsopoulos, 56, a lawyer and former Finance Minister and Interior Minister under Mr. Papadopoulos, was sworn in as the new Prime Minister.

Mr. Androutsopoulos practised law for 12 years in the United States.

The new Cabinet also includes two former Ministers who served under former Premier Constantine Karamanlis, three former Ministers of Mr. Papadopoulos, and one ambassador. The other nine are new to the political scene. The Ministry of Finance is among Ministries yet to be filled.

It was still not clear to-night who were the other officers behind General Gizikis, but the presence of Brigadier General Demetrios Ioannides, chief of the military police, at the Government swearing-in ceremony appeared to confirm reports he had a large say in matters.

Tanks

The tanks moved in at 0200 GMT and occupied key ministries, the radio and television station, and the telecommunications organisation. They also surrounded army headquarters in Athens.

A round-the-clock curfew was imposed on civilians and cars and telephone and other communications were cut both inside the country and with the outside world. Communications were later restored and an announcement said curfew restrictions were temporary.

Athens airport was operating normally after being closed for more than three hours. Foreign newsmen were not censored, nor was incoming news.

By this evening nothing had been heard of the fate of Mr. Papadopoulos. According to one report he was under house arrest at his week-end villa, about 20 miles outside Athens. Veteran liberal politician Mr. Spyros Markezinis who was ousted as Premier was at his home, but refused to see reporters.

There were no policemen involved in to-day's take-over and there were few policemen on duty here to-day. It is believed the new régime disapproved of the police's inability to quell recent student-worker riots which resulted in the intervention of the army and which left 12 people dead and more than 200 wounded. The police have been disarmed.

● Holiday flights leaving Britain for Greece to-day will probably be empty because of the coup, the Association of British Travel Agents said. Cosmos has cancelled to-day's flight and Global is understood to be diverting to Istanbul. Horizon is believed to be offering alternative holidays.

Editorial comment Page 14

'Shadow' Cabinet to meet over Labour rows

BY RICHARD EVANS, LOBBY CORRESPONDENT

MR. HAROLD WILSON, Opposition Leader, has summoned the "shadow" Cabinet to an emergency meeting to-day in an attempt to heal the party split over union militancy which could wreck Labour's electoral prospects.

The bitter internal squabbling between Left and Right wings shows signs of getting out of hand as the miners' pay dispute comes to a head with Wednesday's meeting between the Prime Minister and the NUM executive.

Moderate Labour MPs, led by Mr. Reg Prentice, have been highly critical of the attitude of the NUM and other unions, while the Leftwing is pressing hard for Labour to give unconditional support to militant unions opposing the Stage Three wage limits.

Snap election

The conflict, which has been simmering between Left-wingers and moderates for months, has surfaced when Labour morale is low following the poor by-election performances and when there is a threat, however slight, of a snap general election being called over the miners' pay dispute.

Mr. Wilson will therefore urge his colleagues at this afternoon's meeting at the Commons, and through them the party's rank and file, to drop damaging internal squabbling in the run-up to an election and concentrate their attack on the Government's economic record and performance.

The row is particularly galling to Mr. Wilson as it comes at a time when the Government is in real economic difficulties, and Labour should be receiving the electoral benefits of unpopular Conservative policies.

Although Mr. Wilson will not seek to place blame for the latest outbreak of squabbling, Left-wingers are in no doubt that it was started by Mr. Prentice, "shadow" Employment Secretary, when he appealed last week for party moderates to stand up and be counted against the "sillier" forms of union militancy.

But Mr. Prentice's supporters—he is a popular though unglamourous figure in the Parliamentary Labour Party—claim he was only replying to a blistering attack on him by Mr. Hugh Scanlon. The engineering workers' president accused him at a private meeting with Labour MPs of giving "half-hearted" support to trade unions.

Mr. Prentice came under fire at the week-end directly from a number of Left-wing MPs including Mrs. Judith Hart and Mr. Eric Heffer and indirectly from Mr. Wedgwood Benn, who promised Labour's "full support" to the trade union movement "now under attack by the Government."

Speaking in Derbyshire on Saturday, Mr. Benn brought into the open the dissension within the Labour Party about the miners' attitude to Stage Three. His call for unequivocal support both for the miners and the AUEW in its struggle with the Industrial Relations Court will place Mr. Wilson and the "shadow" Cabinet in a difficult position. So far, Mr. Wilson has said he supports the miners' pay claim but is against breaking the law.

Mr. Benn insisted that "the Labour Party will resolutely support the unions in their efforts. We shall support the miners because it is time the country woke up to the fact that we cannot live now without overtime."

Evidence that this view is not shared even by all trade union MPs came from a Labour backbencher. Mr. Ted Leadbitter, who said in his Hartlepool constituency that it should be made clear that no industrial dispute should have as its objective the bringing-down of the Government. That was the role of the electorate.

'Too aggressive'

Mrs. Hart, a member of Labour's national executive, claimed that Mr. Prentice could wreck Labour's election chances. "It is clearly time for a sharp word of warning. He has a right to put his case, but I suggest that he would serve the interests of the party rather more clearly if he did so with less aggressive public ostentation."

Mr. Eric Heffer, Left-wing MP for Liverpool, Walton, issued a statement yesterday calling on the Labour Party to unite around the programme adopted at the Blackpool party conference.

"The truth is that speeches of the kind made recently by Reg Prentice do damage to the Labour Party, and whether intended or not, effectively help the Tories," he said.

"If there are Labour politicians afraid to carry out these policies I suggest that instead of publicly attacking them, they should step aside and let those who believe in Labour's policies carry them out."

Israel agrees to Middle East peace talks 'in principle'

BY L. DANIEL

JERUSALEM, Nov. 25.

THE ISRAELI Government to-day implied acceptance of the proposal by Dr. Kissinger, the U.S. Secretary of State, for the start of a Middle East peace conference on December 18.

The Cabinet at its weekly meeting resolved in principle to respond to the proposal upon receipt of an official invitation it will be brought before the Cabinet when Israel's official reply will be decided upon, according to a communiqué issued after the meeting.

The implied acceptance came despite a threateend deadlock in the Egyptian-Israeli negotiations on the implementation of the six-point cease-fire agreement. The issue was the "disengagement of forces and return to the October 22 lines," or to be more precise the extent of the Israeli withdrawal at this stage.

To-day's meeting between Israel's chief negotiator, Gen. Aharon Yariv, and Egypt's Gen. Mohammed Abdul Gamassy, which was to have taken place after the Israeli Cabinet meeting, has been postponed until to-morrow.

According ot reports here, the postponement was at the request of the Egyptians, who may also need time for top-level deliberations, or may want to stall as long as the Algiers Arab Summit conference goes on.

Real concessions

New instructions are likely to be given Gen. Yariv in the light of what appears to be a hardening of the Egyptian position.

Offers reported here to have been made by Israel to the Egyptians represent very real concessions. They are said to include a 10-to-15-mile Israeli withdrawal eastward into Sinai.

The quid pro quo demanded by Israel, according to the reports, which officials have refused to confirm formally, is not a withdrawal from the positions of the Egyptian Second and Third Armies on the east side of the Canal, but only a thinning out of the large forces in the northern and southern sectors, and withdrawal of tanks and other heavy equipment from the east bank.

This is considered essential here, since the Israeli withdrawal would mean lifting the siege on the Third Army, and if this were left with its armour intact on the east bank and free to receive unlimited fuel and ammunition, the Egyptians might again be in a position to launch a full-scale attack.

So far the Egyptians have apparently refused to entertain the idea of reductions in their strength on the east bank.

The fact that talks at Kilo-

Continued on back page

More Middle East News Page 7

'Big Five' in talks to avoid recession

BY RUPERT CORNWELL

PARIS, Nov. 25.

FINANCE MINISTERS of the "Big Five" Western industrial nations were to-night winding up urgent talks on how to prevent the Western world falling into a vicious spiral of recession as the effects of the oil crisis intensify.

The main fear of the Ministers already stressed by the OECD here, is that countries which face balance of payments difficulties and falling exchange rates will impose deflationary policies or even let their exchange rates depreciate to gain an advantage over their neighbours.

But international monetary experts were warning to-night that such a course would be self-defeating, and only serve to make the slowdown more painful as trade slackened and economic growth slumped.

However, international agreement not to do this—and the temptation is felt to be considerable for countries like Britain—might cushion the worst effects, and this is what the Ministers will have been seeking.

The private talks, shrouded in almost complete secrecy have been held in the Chateau d'Artigny in the Loire Valley some 150 miles from Paris.

No statement has been issued since the Five gathered yesterday afternoon apart from a brief announcement from the French Finance Ministry that there was a meeting "somewhere in France," of the Finance Ministers of France, Germany, the U.K., the U.S. and the deputy Finance Minister of Japan.

The discussions are clearly dominated by the growing menace on the oil front, which has only amplified the extent of the world inflation problem and the existing difficulties over agreeing on international monetary reform.

Limit

No precise time limit has been announced, but the gathering must end to-morrow morning at the latest, since M. Giscard d'Estaing of France and Herr Helmut Schmidt of West Germany, are due back in Paris for the start of the Franco-German summit meeting.

The talks are informal, and each Minister is accompanied by only one or two senior officials.

Such meetings of the "Group of Five" have already taken place twice before—at Washington before the Committee of Twenty ministerial meeting on monetary reform this July, and on the eve of the IMF annual meeting in Nairobi two months later.

Apart from the problem of whether to downgrade the fight against inflation in the list of economic priorities, in the face of the need for policies to maintain economic activity as far as possible, the other main topic was international monetary reform.

Coal stocks threat to steel, power

BY HAROLD BOLTER AND CHRISTOPHER LORENZ

U.K. STEEL production, already too low to meet demands, could be cut back within two weeks because of the miners' overtime ban. This became clear last night as the electricity industry revealed that its coal stocks are also coming under pressure as deliveries fall away.

These are the first real signs that the action by the miners is beginning to have an affect on the major user industries.

The British Steel Corporation is already having to reduce coke oven plant operations at some works to conserve coal stocks, and the Central Electricity Generating Board anticipates a 30 per cent. shortfall in coal deliveries this week.

So far there has been no reduction in iron and steel production by the BSC. But this could start to happen early next month.

Priority

Steel is already in short supply, and the industry is pressing for priority allocations of oil because it fears that any shortage would force it to reduce output at a time when user industries are looking for expansion rather than contraction.

Although BSC still has "reasonable" stocks of coal and coke, it is cutting back production from coke ovens at some works marginally as a precaution.

One of the areas where steel production is in danger is Teesside, where a large part of BSC's bulk steel production is concentrated, including some of the steels used in the construction and engineering industries which are in shortest supply.

Coal supplies to BSC works on Teesside have been reduced by up to 30 per cent. over the last two weeks as a result of the miners' overtime ban.

The Teesside steel industry uses 40,000 tons of coal a week, and it is understood that contingency plans are now being prepared for a possible run-down of steel production.

One problem is that coke ovens cannot be allowed to get cold or damage takes place which takes time to repair. BSC dare not risk letting stocks run down too far before it starts to reduce coke oven operations as a precaution.

Coal supplies to the CEGB could be 30 per cent. below normal this week because of the miners' overtime ban, the Board estimates.

Last week's deliveries were 25 per cent. down on the usual winter level of 1.4m. tons a week, following a 20 per cent. shortfall in the first week of the miners' action.

The cut in deliveries is putting pressure on CEGB coal stocks, although the effect has been partially mitigated by the Government's restrictions on the use of heating and lighting, which have reduced demand for electricity.

The most recent official figure for coal stocks at power stations in England and Wales was 16.8m. tons, or about ten weeks' normal consumption. Taking coal and oil together, stocks of fossil fuel were 17.8m. tons of coal equivalent, sufficient for eight and a-half weeks.

This situation was little worse than that of a week earlier, indicating that mild weather and the Government curbs were having a marked effect.

More recent figures, reporting yesterday's position, will be available in a few days, and these could show a deterioration in view of the growing delivery shortfall and the spell of cold weather last week.

A further factor is that CEGB stocks normally start to fall at this time of year since its average winter coal burn is 1.6m. tons a week, or 200,000 tons more than deliveries.

Following the CEGB decision to burn over 20 per cent. less oil this winter than last year—partly because of rising oil prices, but also because of the expected reduction in supplies from the Middle East—it is now understood that the Board had hoped to burn 70-75m. tons of coal during the current financial year.

This compares with last year's burn of 58m. tons and the 65-67m. forecast for 1973-74 after the Government agreed to subsidise the price of coal early this year.

The overtime ban makes it even more likely that the CEGB is now looking for additional sources of coal supplies from abroad. To do so, it would have to compete against many other countries for the available coal supplies in Australia, South Africa and Eastern Europe.

Miners' ballot unlikely. Back Page

APEX claims breakthrough

By Our Labour Correspondent

THE ASSOCIATION of Professional Executives, Clerical, Computer Staff (APEX) has won sole bargaining rights for staff employed by the Hodge Group, and claims to have recruited over 500 of the 1,900 total already.

This, together with a ballot being conducted among members of the 600-strong Britannic Assurance Company staff association on whether to merge with APEX, is described by the union as the start of a "major breakthrough into the finance and insurance field."

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY

Overheating and VAT

Sir,—Has the economy really taken a sudden turn for the worse? Or are we just suffering from a simple but deplorable miscalculation of the nation's cash flow on the part of some official who is still blushing for the little folly which led to the draconian measures of a week or so ago? One suspects, indeed hopes it is the latter; and while it has been gratifying to find some authoritative support for this view, the lack of general publicity for it is very disturbing.

Briefly, it is suggested that someone left a rising tide of VAT collections swilling around the money market between the merry month of May and the ultimate day of reckoning, October 1—£600-700m. no less!

The sum is easily done, but for the benefit of the chap who did not, it is roughly as follows. As the U.K. has few raw material resources the "added value" for VAT purposes is the national wage and salary bill—in excess of £40,000m. About 25 per cent. of this is associated with exports, and another 20 per cent. with food, both of which are VAT-exempt. With an allowance for other exemptions, there is left a tax base of £20,000m., yielding £2,000m. at 10 per cent. Invoicing of the tax to customs began in April, and allowing for normal credit terms, the tax-cash would have begun flowing into company tills from June onwards.

None of this, however, became payable to the Exchequer before April 1; and the largest portion —five months' collection by manufacturing industry up to the end of August—was not due for payment before October 1. On average, therefore, something like one-third of the annual tax yield—£600-700m.—had been collected and was waiting to be paid over by the end of August.

Of course, it was not "waiting" at all. No one in his right mind keeps idle cash these days —he spends it, or lends it to someone else who spends it. The sequence of events is easily imagined—a cash bonanza in June, purchase orders placed in July, deliveries (with luck) in August and, with normal allowance for credit, payment in October, or even earlier. Small wonder that, as commented in your recent leader, bank lending increased by £1,000m. between mid-September and mid-October. However one looks at it, the bulk of the lending must have been directly or indirectly required to finance the payment of the nation's VAT bill to the Exchequer.

Even smaller wonder that we had a massive adverse trade balance in October; for again it needs little analytical ability to reach the broad but reasonable conclusion that, with the stock shortages and long order books typical of recent months, the only way to spend an extra £600-£700m. would be on imports or by frustrating exports, with the consequence of increasing U.K. domestic consumption by 3 to 3.5 per cent. over four short months.

Of course, someone will doubtless be tempeted to say that the Treasury *did* anticipate the situation and progressively dripped bills out of the tap, all beautifully synchronised for redemption on October 1; but nothing less than hard and comparative figures of issues and redemptions is likely to be convincing. In any event, it would still leave unexplained that coincidental £1,000m. increase in bank lending.

The only other probability is that the Government deliberately left the VAT cash in circulation in order to keep the boom going; but, even if true, who will have the courage to admit to doing that at a time when the problem was seen as how to stop a consumer-led boom becoming overheated, and at the same time change its nature to one led by investment?

R. V. Olsen.
Bramblewood, Castle Walk, Wadhurst, Sussex.

Peruvian claims

Sir,—In the November 19 edition of your newspaper there is an article signed by Mr. Robert Morrison, Secretary of the "Peruvian Claims Committee."

It is not honest to employ the word "confiscation" in the case of the Peruvian Corporation, nor is traditional British fair play evident when so many aspects of this matter are not mentioned while other points are misrepresented to such effect that some readers of your newspaper, unaware of the background of this matter, could gather a completely wrong impression.

Mr. Morrison does not say, for example, that the difficulties of the Peruvian Corporation had reached such a point that it had lost its capital. Many factors—too many to enumerate —brought this about, but among these was natural competition from the roads which were starting to open up in Peru. Between 1961 and 1966 the Peruvian Corporation found itself obliged to turn to international banks to obtain loans amounting to over $18m. while the Peruvian Government endorsed the loans bearing in mind that this was a public service company in which several thousand Peruvian workers were employed. In 1967, however, the Peruvian Corporation found itself unable to comply with its economic undertakings and, as guarantor, the Peruvian Government was obliged to effect payments amounting to almost $10m.

This was not an untimely process, as Mr. Morrison affirms: many times the Peruvian Government claimed payment of what it was owed until, in April 1971, in accordance with strict legal procedure, the embargo, which was later transformed into administrative intervention, was decreed. Following normal legal procedure in such cases, the sale by public auction was also decreed and announced within the country and abroad (the announcement of public auction appeared in the September 29, 1972, edition of the Financial Times): the auction took place under full legal guarantees, on November 30, 1972.

It is not fair to blame the Peruvian Government for having been the only bidder: the auction, I repeat, was open to all, whether national or foreign, and if there was no interest the only thing this shows is that the business was not an attractive one, not even to the Peruvian Corporation itself who, right up to the last minute, could have stopped the legal action simply by paying what it owed.

It is no secret that railways in many cases are no longer good business, and if the Peruvian Government had to take over those of the Peruvian Corporation, it was so obliged by the circumstance, as I have already said, of these being a public service and the fact that almost five thousand workers and their families would have been left without work and social benefits which the Peruvian Corporation had not insured.

It is not my intention, Mr. Editor, to start an argument on this matter which is well known, but I could not remain silent in the face of Mr. Morrison's inexactitudes as these could create a wrong impression among your readers.

Adhemar Montagne,
Peruvian Ambassador,
52, Sloane Street, S.W.1.

Idle grain terminal

Sir,—Mr. Harold Wilson, speaking in his constituency on Friday last, urged Mr. Heath to have direct talks with the miners.

Is it not time that he, and also Mr. Heffer, had direct talks with the Liverpool dockers with a view to solving the scandal surrounding the new £12m. Seaforth grain terminal which has been idle for about 14 months due to an inter-union manning dispute?

E. J. Smout.
42, Church Road, West Kirby, Wirral, Cheshire.

Farm-owning of the future

Management and advisers

Sir,—In your excellent survey on "Farm Management" on November 13 John Cherrington commented that farm managers sometimes resent the presence of farming advisers interposed between themselves and their employers. He pointed out why this attitude was usually unjustified, but I would like to mention three important points which he did not really cover.

Firstly, farming advisers are skilled in taking the widest view of this complex business of farming, and in the long-term planning involved. This is a vital role for which few farm managers have either the time or the qualifications.

Secondly, farming advisers who are from a firm have the advantage of being able to call on an expertise within their firm covering all aspects of the property world, ranging from forestry as an investment to estate duty planning. Few farm managers can provide this.

Thirdly, a landowner to-day must run his estate or farm as a business, and for this he needs the help of a team, including his accountant, his farming adviser and his farming manager. Each has a part to play, and their roles need not, and indeed should not, conflict.

R. Fitzherbert-Brockholes,
Strutt and Parker,
41, Milford Street, Salisbury, Wilts.

Arabs' good turn

Sir,—The Arabs have indeed done us a good turn as Joe Rogaly points out (November 20) —but the evidence to date is that the Government has no intention of acknowledging the opportunity to get the country to have a long-term rethink, but is as usual looking about as far ahead as to-morrow tea-time.

Every utterance on fuel and other resources for the last month has been a variation on two themes—"Don't worry, its only a temporary disturbance" or, "Anyway, we shall have our own oil soon." There has been not a thought made public that now the Arabs have seen the light and realised their oil is not infinite it's time we started a long-term plan based on that fact.

As for our own oil not being infinite, far from leaving it where it is until we really must have it because there is none to be had elsewhere, we scramble ever harder to get it out presumably to use it, gone for ever, as quickly as possible.

By a happy coincidence, a major test of the Government's real attitude was written about at the same time as Joe Rogaly's article by Chris Baur—Drumbuie. If we are to make the slightest effort to conserve our resources, then a really controversial proposal like Drumbuie will be thrown out. If it is allowed then not only will the Government's concern for the environment be shown as a sham, so will their concern over resources. They will take a major step, in principle, to destroy the one specifically that they can speed dissipa[tion] of the other.

John Morris.
"Owlawake,"
36, Bruxton Avenue, Solihull, Warwickshire.

Software house sizes

Sir,—Mr. P. M. Hunt's [letter] October 30 misses the main p[oint]. The two or three largest [com]panies in the world whose ma[in] activity is software writing [and] who are greater in size than [...] are usually split geographica[lly] and/or by project into units [of] less than 100. There are about half-a-dozen in Britain with [...] 200 staff.

It is therefore indisputa[ble] that a turnover of £1.2m. in [soft]ware writing is a figure [...] service companies have manag[ed] or chosen to achieve. Certain[ly] it is "peanuts" for a b[ig] insurance company or many [of] the companies in this coun[try] who might wish to contract [out] such key items as designing [or] producing a complete accounti[ng] system or a turnkey system [to] run a factory—and the Financ[ial] Times is to be congratulated [on] making it easier for some [of] these large companies to be [in]creasingly prepared to put al[l] are basically major "system" requirements into the hands [of] systems and software compan[ies] who are independent of la[rge] manufacturers of computers a[nd] related equipment despite [the] apparent difference in size.

I cannot agree entirely w[ith] Mr. Hunt's contention, that 50 [is] "more of a minimum size if th[ey] are to be entrusted with the s[uc]cess of multi-million pou[nd] projects." Established comp[e]tence in a particular field see[ms] to be the guiding factor w[hile] while sufficient size to be vis[ible] is relevant, I can think of thr[ee] or four instances in my exp[eri]ence where companies with computer consultancy/softw[are] capability of less than 50 ha[ve] managed and provided key s[...] for million pound projects on [the] strength of their reputation.

I have personally experienc[ed] the loss of motivation [and] identity in companies as th[ey] grow through the 60-80 barr[ier] and again at 150 strong. Th[e] problem is not unique to fi[rms] in the computer services bu[si]ness and solving it is one of [the] interesting challenges if [one] chooses or has to exceed 80.

So far we have found that [a] figure of 60-80 gives us the be[st] of both worlds.

Peter T. Goldsmith,
Chief Executive.
Applied Computer Sciences,
Marcol House,
296, Regent Street, W.1.

Farmers—you cannot afford to die

Sir,—Never has the nationalisation of agricultural land been more imminent than it is to-day: that the pressure for such legislation will come from the farming community itself is ironical enough, but that the matter is still considered to be only political in nature rather than a question of economic survival is positively alarming. Yet an alternative is simple, and there is still just sufficient time to put it into effect.

Consider the future of a small agricultural business; not necessarily the smallholder, arable empire or hill farm, but 250 useful acres with a house, cottage and partly modern buildings. An owner-occupier who started after the last war has had to work hard and live thriftily to ensure that the payments on his original mortgage are met and his equipment duly replaced in time. He did not then consider himself wealthy, and the burden of estate duty for his son loomed no larger nor onerous than the mortgage he had to take out for himself.

With the euphoria still persisting after the 1973 harvest, and high sale prices, it is difficult to think of 1970 as more than a bad dream, when a succession of wet years and a credit squeeze meant that land forced onto the market made no more than two thirds its former value, leaving full mortgages uncovered. What then has the farmer to worry about now that adequate profits look assured within the shelter of the Common Market and high world prices? Quite simply—he is now a wealthy man, and as such a target for savage taxation. The farm such as is described above could well be worth £250,000 in to-day's markets, and yet only three short years ago it was barely viable as a farming unit.

As the time-apportioned method of assessing capital gains tax works through, the cost of giving this unassuming business to his son is going to become near to £70,000 and/or the estate duty liability, even with Agricultural relief, will amount to about the same in due course. Even allowing for borrowed working capital, either nearly one-quarter of the farm must be sold or further borrowing to pay off the tax will result in a rental equivalent of about £30 an acre; either way the business, as such, will be crippled. Continuing fragmentation, forced upon the industry by taxes on wealth, will act contrary to the economic realities of even modest size, quite apart from the declared policies of successive British Governments and the EEC, and will ultimately lead to a peasant industry yet again.

The tenant-farmer is in a considerably better position; not only does he lack the wealth to expose himself to fiscal attack, but security of tenure, often by consent in England and by law in Scotland, passes to a competent heir. The fashionable expectation that the "institutions" will helpfully stand in as landowners of the National Farm in the course of a generation is wishful thinking: their much publicised entry into the market at the end of 1972 was no more than a mutual scramble so as not to be left out of the rise, and to incorporate a small percentage of land in their large investment portfolios. Much, if not all, of this buying is completed, and the agricultural industry is now frighteningly exposed to a fall in profitability based on an unprecedented high level of land prices.

Who then are to be the landowners of the future National Farm? Owner-occupiers of small peasant holdings if nothing is done, or wholesale nationalisation by the Government of the day in a desperate attempt to restructure the industry too late, would seem to be the only alternatives. There is, however, another, if only the mediæval method of owning land by virtue of a title deed could be abandoned.

Suppose an owner-occupier could exchange his whole title deed for a number of share certificates, that could be sold in a recognised market such as the London Stock Exchange, while at the same time remaining in possession as a tenant: suppose a number adopted the same procedure, and pooled the rents in proportion to their shares.

It follows that the farmer can sell just so many of his freehold shares as he may wish from time to time to meet estate duty, a daughter's dowry or fund an improvement without reducing the physical size of the farm or borrowing expensive money.

All that is needed is an Agricultural Equity Corporation to be managed alongside the existing Agricultural Mortgage Corporation. The new owners of the National Farm will continue to be the farmers themselves, and those investors who choose to buy in the shares being sold by the farmers to raise capital.

As Professor J. S. G. Wilson writes in "Availability of Capital and Credit to U.K. Agriculture" "The major weakness of the scheme is its dependence on a wide range of tax concessions," and yet such concession are only those necessary to give equality to a shareholder in the corporation vis-à-vis the direct holder of an agricultural freehold. No-one can surely object to an administrative organisation such as this whereby an individual only retains his existing rights and status in order to survive into the next century.

The real objection is not that the individual gains, but that the Corporation would have to have tax concessions as against other corporate bodies: this is certainly so, but not so unusual for an industry which has an entire Ministry to itself as it is recognised that agriculture, of its very nature, must have different rules to the manufacturing, service or distributive industries. It seems unlikely that the CBI would complain.

The general investing public can always participate in the Corporation, and will be welcome to do so. Who, then, are the politicians so concerned to protect? Possibly they do not even know, but there is so often an instinctive reaction against any form of concession for fear that someone unknown is going to make a "killing." Nevertheless, it is the farming community who must press for a flexible and corporate method of holding farmland; for mark the signs "Farmer—you cannot afford to die."

Christopher Parker.
The Grove,
Whittlesford, Cambridge.

TV/Radio

Re-think urged on Concorde

THE CONCORDE project should be reconsidered in view of the oil crisis, a Conservative MP said yesterday. Mr. John Biffen, MP for Oswestry, said fuel consumption per seat mile could be three times as high as for subsonic jets.

He told Young Conservatives at Llandudno: "The present debate on our economy and the need to balance the domestic budget, together with the great concern over the future reliability and cost of fuel oil supplies, cry aloud for Concorde to be reconsidered with the same cool sense of economics we should apply in our own personal housekeeping."

BBC 1

† Indicates programmes in black and white

9.38 a.m. For Schools, Colleges. 12.30 p.m. The Sunday Debate: Protest and Law. 12.55 News. 1.00 Pebble Mill at One. 1.45 Fingerbobs. †2.02 For Schools, Colleges. 3.00 Breathing Space. 3.30 That Monday Morning Feeling: The Lorry Driver. 4.00 Play School. 4.25 Yogi Bear. 4.35 Jackanory. 4.50 Blue Peter. 5.15 The Terracotta Horse. 5.40 The Wombles.

5.45 News
†6.00 Nationwide
6.40 Sykes
7.10 Z Cars
8.00 Panorama
8.50 Natural Break
9.00 Nine o'Clock News
9.25 Last of the Summer Wine
9.55 "Barbarella" starring Jane Fonda
11.30 Late Night News
11.35 Television and Society

All Regions as BBC-1 except at the following times:—

Wales—1.45-2.00 p.m. Ar Lin Mam. 6.00-6.40 Wales To-day. 6.40-7.10 Heddiw. †12.02 a.m. News of Wales.

Scotland—6.00-6.40 p.m. Reporting Scotland. 12.02 a.m. Scottish News Headlines.

Northern Ireland—6.00-6.40 p.m. Scene Around Six. †12.02 a.m. Northern Ireland News Headlines.

England—†6.00-6.40 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth). †12.02 a.m. Regional News Headlines.

BBC 2

11.00 a.m. Play School
3.00 p.m. Man at Work
7.05 Life in the Nine
7.30 News Summary
7.35 Top Crown
8.00 Alias Smith and Jones
8.50 Call My Bluff
9.25 Horizon
10.15 Second City Firsts
10.45 News Extra
11.15 Open Door: The Christian Parity Group

LONDON

9.30 a.m. Schools Programmes. 12.05 p.m. Rainbow. 12.25 Michael Bentine's Potty Time. 12.40 First Report: News, FT Index. 1.00 Mr. and Mrs. 1.30 Emmerdale Farm. 2.00 Farmhouse Kitchen. 2.25 Good Afternoon. 3.00 A Family at War. 3.55 Jokers Wild. 4.25 Clapperboard. 4.50 Robert's Robots. 5.20 Lollipop.

5.50 News from ITN
6.00 To-day
6.40 Opportunity Knocks
7.30 Coronation Street
8.00 World in Action
8.30 Tell Tarby
9.00 Six Days of Justice
10.00 News at Ten
10.30 Drive-In
11.00 The Streets of San Francisco
12.00 The Shape of Things to Come?: Dr. Christopher Evans talks to Brian Aldiss, author of 'Billion Year Spree', the history of Science Fiction

All ITV Regions as London except at the following times:—

ANGLIA

2.30 p.m. Houseparty. 6.00 About Anglia. 10.30 Gardening Diary. 11.00 Man In A Suitcase. 11.55 Drive-In. 12.20 a.m. Faith At Work.

ATV MIDLANDS

6.00 p.m. ATV To-day. 10.35 Citizens' Rights. 11.05 Gardening To-day. 11.35 Gordon Bailey. 11.40 Man In A Suitcase.

BORDER

1.00 p.m. Pig and Whistle. 6.00 Border News and Lookaround. 6.10 Look Who's Talking—Ken Dodd and Derek Batey. 10.30 Border Month. 11.15 Drive-In. 11.45 The Adventurer. †12.12 a.m. Border News Summary.

CHANNEL

12.55 p.m. Channel Lunchtime News. 2.00 Let's Face It. 2.30 Women To-day. 6.00 Channel News. 6.10 Knock-out Quiz. 10.30 Branded. 11.00 Night Gallery. 11.55 News and Weather in French followed by Channel Gazette.

GRAMPIAN

6.00 p.m. Grampian News. 6.05 The Royal Clansmen. 11.35 Meditation.

GRANADA

6.00 p.m. Granada Reports. 6.20 This is your Right, with Dr. Michael Winstanley. †10.30 Crime and Mystery: "The Liquidator," starring Rod Taylor and Trevor Howard.

HTV

2.30 p.m. Fit to Last. 6.01 Report West. 6.22 Report Wales. 10.30 Police Surgeon. 11.00 Late Night Cinema: "The Secret of Blood Island," starring Barbara Shelley and Patrick Wymark.

SCOTTISH

2.00 p.m. Play with a Purpose. 2.30 Housecall. 4.25 The New Adventures of Batman. 6.00 Scotland To-day. 6.30 Professor Blathazar. 10.35 The Big Break. 11.05 Gardening To-day. 11.35 Late Call. 11.40 Billy Liar.

SOUTHERN

2.30 p.m. Houseparty. 6.00 Day by Day. 10.30 Beating the Bombers. 11.55 Southern News Extra. 12.05 a.m. Farm Progress.

TYNE TEES

9.30 a.m. For the Deaf. 4.25 p.m. The Houndcats. 6.00 To-day At Six. 6.35 Cartoon Time. 10.30 In The Picture—the North East arts scene. 11.00 I Was A Killer for the Mafia. 11.55 Late News Extra. 12.10 a.m. Late Night Theatre. 12.40 Lectern.

ULSTER

†12.59 p.m. Ulster News Headlines. 2.30 Women Only. †4.23 Ulster News Headlines. 6.00 UTV Reports. 6.15 F Troop. 10.30 Monday Night with The Rt. Rev. Arthur Butler, Lord Bishop of Connor. 10.40 Monday Movie: "Shadow of Fear," starring Paul Maxwell.

WESTWARD

12.23 p.m. Gus Honeybun's Birthdays. 12.30 Westward News Headlines. 2.00 Let's Face It. 2.30 Women To-day. 6.00 Westward Diary. 6.20 Sports Desk. 6.35 A Date with Danton. 10.32 Westward Late News. 10.35 The Inn Game. 11.00 Night Gallery. 11.55 Faith for Life.

YORKSHIRE

6.00 p.m. Calendar. 10.30 Emmerdale Farm. 11.25 Calendar Commentary. 11.50 Department S.

RADIO 1 247m

(S) Stereophonic broadcast.

Time, traffic, and News summaries at 5.00 a.m., 5.30, 6.00, 6.30, then every hour on the half-hour until 6.30 p.m., 7.00, 8.00, 9.00, 11.00, 12.00, 1.00 a.m., 2.00. Weather at 5.02 a.m., 5.32, 6.02, 6.32, 7.32, 8.32, 6.32 p.m., 2.02 a.m.

5.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.00 David Hamilton. 5.00 Radio 1 Club with Rosko including 5.30 Newsbeat. 7.00 As Radio 2. 10.00 Sounds of the 70s: Bob Harris (S) also on VHF. 12.00-2.02 a.m. As Radio 2.

RADIO 2 1,500m and VHF

Time, traffic, and News summaries at 5.00 a.m., 5.30, 6.00, 6.30 (VHF, 247m), 7.00, 7.30, 8.00, then every hour on the hour until 5.00 p.m., 5.30, 6.00, 6.30, 7.00, 8.00, 9.00, 10.00, 11.00, 12.00, 1.00 a.m., 2.00. Weather at 5.02 a.m., 5.32, 6.02, 6.32 (VHF and 247m), 7.02, 7.32, 8.02, 8.32, 9.02, 5.32 p.m., 6.15, 6.32, 2.02 a.m.

5.00 a.m. News Summary. 5.02 Barry Alldis (S) with The Early Show including 6.15 Pause for Thought. 7.02 Terry Wogan (S) introduces The Sandpipers, this week's Radio 2 stars, at 8.10 including 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Open Mousetrap (S): "Open House" from the Ambassadors Theatre, London, on the occasion of the 21st anniversary of the play including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.30 p.m. Joe Henderson (S) music in singalong style including 1.45 and 2.45 Sports Desk. 3.02-5.00 John Dunn (S) including 3.45 Sports Desk. 4.15 Waggoners' Walk and 4.45 Sports Desk. 5.02 Terry Johnson (S). 6.50 Sports Desk. 7.02 I'm Sorry, I'll Read That Again. 7.30 Teddy Johnson presents The Song Stylists. 8.02 Humphrey Lyttelton with The Best of Jazz on records. 9.02 Alan Dell (S) introduces The Big Band Sound. 10.02 Late Night Extra 1,500m (202m in Scotland) including 10.15 Sports Desk. 12.00 Midnight Newsroom. 12.05 a.m. Night Ride (S). 2.00 News Summary.

RADIO 3 464m, Stereo & VHF

7.00 a.m. News. 7.05 Overture: Beethoven, Haydn, Clementi (S). 8.00 News. 8.05 Morning Concert: Boieldieu, Saint-Saens, Ravel (S). 9.00 News. 9.05 This Week's Composer: Mendelssohn. 9.45 Talking About Music (S). 10.15 New Records: Tartini, Machaut, Matheus de Perusio, Binchois, Haydn (S). 11.05 Concert from Sheffield, part 1: Haydn, Kodaly (S). 12.00 In Short: Cadenzas: Against and For (talk). 12.10 p.m. Concert from Sheffield, part 2: Beethoven, Ravel (S). 1.00 News. 1.05 BBC Lunchtime Concert: Purcell, Britten (S). 2.00 Mozart from the Vienna Festival 1973, part 1. 2.40 In Short (talk). 2.50 Mozart concert, part 2 (S). 3.50 Dvorak recital. 4.15 Bach: organ recital (S). 4.55 Bandstand (S). 5.25 Pied Piper (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30-7.30 Study on 3. 7.30 EBU Concert from Stockholm: Swedish Radio presents Max Reger Anniversary Concert, part 1 (S). 8.30 Ida Haendel (talk). 8.50 EBU Concert, part 2 (S). 10.00 Reith Lectures 1973. 10.35 The English Muse (S). 11.30 Schubert's Last Year (piano recital (S). 11.55 News.

RADIO 4

434m, 330m, 285m & VHF
‡ Medium Wave only.

6.20 a.m. News. 6.22 Farming Week. 6.40 Prayer for the Day. 6.45-8.45 To-day. ‡6.50 Travel News, What's On and Keep Fit. 6.55 Weather, programme news. 7.00 News and more of To-day including 7.25 Sportsdesk, 7.35 To-day's Papers. 7.45 Thought for the Day. ‡7.50 Travel News. 7.55 Weather, programme news. 8.00 News and more of To-day including 8.25 Sportsdesk and 8.35 To-day's Papers. 8.45 Christopher Matthew investigates the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. ‡10.05 Wildlife. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 Any Questions? ‡11.50 Favourites from the Archives: The Day I Shall Never Forget (Peter Ustinov). 12.00 News. 12.02 p.m. You and Yours. 12.27 Desert Island Discs. ‡12.55 Weather and programme news. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (including 2.00-2.02 News) ‡from 2.03. ‡2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Stock Market Report. 5.55 Weather, programme news. 6.00 News. 6.15 Just A Minute. 6.45 The Archers. 7.00 News Desk. 7.30 A Century of Modern Theatre: "John Bull's other Island," by Bernard Shaw. 9.29 Weather. 9.30 The World To-night: News and opinions including International Business Report and 10.25 Market Trends. 10.30 A Book at Bedtime. 10.45 Kaleidoscope. 11.15 To-day in Parliament. 11.30 News.

Radio 4 VHF For Schools—10.05 a.m. to 12.00 and 2.00 p.m. to 3.00.

London Broadcasting

417m and 97.3 VHF

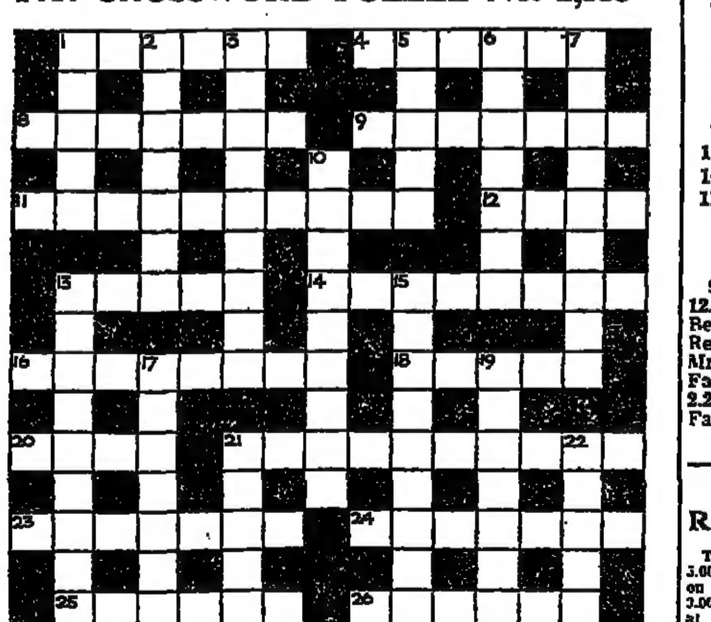
6.00 a.m. The Morning Show presented by David Jessel. 9.00 Two in the morning! Paul Callan and Janet Street Porter. 12.00 Open Line presented by George Gale. 2.00 p.m. At Home with Gillian Strickland, Stewart Francis and Bel Mooney. 4.30 The Afternoon Show presented by Clive Roslin. 6.30 News Worldwide. 7.00 Feedback presented by John Torode and David Wilcox. 9.00 Sounds New. 12.00-6.00 a.m. Nightline presented by Phil Jay and Dennis Rookard.

Capital Radio

539m and 95.8 VHF

6.00 a.m. Roger Scott and Monty Modlyn. 9.00 Tommy Vance and Joan Shenton and Swop Shop. (10.05 She and Me. 11.00 "Dapple Downs," starring Adrienne Corri.) 12.00 Dave Cash's Countdown. 2.00 p.m. Tony Myatt and Music. (2.15 The Courtesans—serial). 4.00 The Bedsit starring Peggy Mount. 4.15 Dave Symonds. 5.55 Honey Adair. 6.00 London's Day. 6.30 Nicky Horne's Rock Show. 8.30 Allan Bargreaves on Open Line. 10.00 Classical music. 11.30 Marsha Hunt and guests. 12.30-6.00 a.m. Don Blake in Night Flight.

F.T. CROSSWORD PUZZLE No. 2,335



ACROSS

1 Jewel in one heavenly sign (6)
4 Bad writing in slow motion from the south (6)
8 Sea-shore with special individual racecourse (7)
9 Division in cast of Hair (7)
11 Put up with a role said to be in a class of its own (5, 5)
12 Blow on part of shirt that comes to hand (4)
13 Open stamp with authority (5)
14 Anchor about point and make rice dish (8)
16 Want very much to finish in position behind keeper (4, 4)
18 Went about feeling depressed by personal transport (5)
20 Protective clothing delivered by postman (4)
21 When jockeys are on the level it's time to seek accommodation (4, 6)
23 Wonder if motorway goes right to Norfolk town (7)
24 Champion ringmaster at match (4, 3)
25 Spice to fool Margaret (6)
26 Porter with fewer clothes op we hear (6)

DOWN

1 Swindling is hard work (5)
2 Object of devotion no adman could produce (7)
3 Game to go on course (9)
5 Freewheel down to the seaside (5)
6 Our man at the embassy is quite a case (7)
7 Course Heath is leading the runners (9)
10 Sailor taking fish couldn't eat a fat lot (4, 5)
13 Share offer for which Cork is renowned (9)
15 Mother has a location in which to decorate metal (9)
17 Man of fashion likely to annoy hill dweller (7)
19 Quiet one with stamina is dressing (7)
21 Artifical merger of football rulers with London School of Economics (5)
22 Exhilarated or in a whirl (2, 3)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Racing

King Kong's the one

by DOMINIC WIGAN

RICHARD HEAD, the Lambourn trainer, saddles three horses this afternoon at Windsor: King Kong, King Flame and King Commander, all for different owners.

King Kong, who has won at Windsor twice, on both occasions over two miles, goes for the Round Oak handicap chase (1.30), run over two miles and five furlongs. In his only race this season, King Kong won narrowly but cleverly here 16 days ago, defeating Beechwalk in a fractionally slower time than Rutley achieved against Real Sharp later in the afternoon.

I do not expect King Kong, who was formerly trained by Peter Cazalet, to be troubled by to-day's distance, and he is narrowly preferred to another Windsor specialist, Heath Song.

An hour later, the seven-year-old *King Flame* runs in Division I of the Royal Borough novices' chase (2.30). Lord Head's bay gelding had a disappointing campaign last season, when he failed to win any of his five races, and I shall be surprised if he is able to cape with either *Canasta Lad* or *Current Romance*.

The former top-class hurdler, *Canasta Lad*, slipped up on his chasing debut when disputing the lead with Spy Net in the Honeybourne chase at Cheltenham early this month, but has since made amends by outpacing the highly-rated Ruisselet at Wincanton 10 days ago.

Current Romance has also had one victory over fences. In a competitive race at Nottingham a fortnight ago, she quickened to go into the lead after the last fence, but then had to be ridden out to hold the late challenge of Churchlands, to whom she was giving 3lb. In an interesting content, Canasta Lad ought to justify favouritism by beating Current Romance and King Flame.

Even if King Kong and King Flame fail, their rider, John Francome, should win Division II of the Royal Borough novices' chase (3.0) with *King Commander*. This talented five-year-old caused something of a surprise when easily accounting for Egbert and Rutley in a fast time at Kempton recently and he is a reasonably confident choice to deal with these rivals, the best of which is probably *Dartel*.

The most valuable race to-day is at Wolverhampton—the Reynoldstown Pattern hurdle (1.45) which may chiefly concern *True Song* and *Silver Meteor*, who ran a good race to be third to Shy Spirit and Plas Iolyn at Leicester in January. He has, however, not run since, and is unlikely to get the better of True Song.

True Song failed to win on any of his eight appearances in the 1972-73 campaign, although he was a close fifth in the hotly contested Daily Express Triumph Hurdle. He has, however, been giving his supporters a successful time recently, with four victories in the past seven weeks.

Half an hour later, *Shock Result* will be trying to supplement his recent Lingfield success by taking the Wrottesley handicap 'chase (2.15), but here he may not cope with the popular veteran, *Head Lad*.

SELECTIONS

WINDSOR

1.30—King Kong
2.00—Champers Galore
2.30—Canasta Lad**
3.00—King Commander***
3.30—Yellow Lark

WOLVERHAMPTON

12.45—Côte D'Azur
1.45—True Song
2.15—Head Lad
3.15—Druid

HEALTH SERVICE DRIVE 'FAILURE'

Re-organisation of the National Health Service had failed, Mr. John Silkin, Opposition spokesman on health, told the Socialist Medical Association in London yesterday.

He criticised Sir Keith Joseph, Secretary for Health and Social Services, for his attack on doctors who could not agree on priorities in the use of health service resources. It was the politicians' job to be the arbiter, said Mr. Silkin.

Events

To-day

PARLIAMENTARY BUSINESS—

House of Commons: Fuel and Electricity (Control) Bill, second reading. Motion on the Statement of Change in Immigration Rules for Control on Entry of EEC and other non-Commonwealth Nationals.

A list of to-day's company meetings can be found in the week's Financial Diary on Page 4.

LONDON SCHOOLS POLICY SWITCH

A shift in policy by the Inner London Education Authority will result in more, but smaller, comprehensive schools by 1980.

If the policy is accepted at a meeting of the authority's development sub-committee on Wednesday, it will mean that by the 1980's the population of most comprehensives in North London will be 900 or under. Only a few will be 900-plus, and these are likely to be schools originally designed for 1,500 or 2,000.

BILL PROPOSES PRIVATE COSTS

Mr. Richard Luce (Con. Arundel and Shoreham) is to propose in a private member's Bill that people successfully suing in civil courts without legal representation should obtain costs including compensation for loss of earnings and other expenses.

"The Bill already has all-party support, and I hope the Government will also lend its support," said Mr. Luce.

estival Hall

Schwarzkopf

by MAX LOPPERT

Few indeed are the singers -day who can summon so loring a Festival Hall throng ; Elisabeth Schwarzkopf did on aturday evening. From the ootlighted entrances amid oars to the string of encores emanded at the finish, there as no doubt that a star was esent; and, because of the way e commands the platform, Miss chwarzkopf is still every inch star. She looks superb; she alks superbly; she controls the ood of each song with a range facial, verbal, indeed physical, uances and inflections that espeaks a masterly intelligence orking towards audience capire with a strategy and the cool lculation of a great general.

Yet from the purely musical oint of view, I am bound to say at the recital gave me very ttle pleasure. All the management and the intelligence in the orld cannot wholly disguise the esent frailty of Miss Schwarzopf's vocal resources. While the ngs themselves—by Schubert, humann, Mahler, Liszt, Strauss d Wolf—had been carefully osen to highlight those tones d areas in the voice which still "speak" with tonal beauty, one ldom had the feeling that this as singing-for-the-pure-pleasure-of-it. A lieder recital which fails to convey this feeling becomes a somewhat debilitating affair.

In the first half, it was the single song by Grieg—the gentle, reflective, *surprisingly beautiful* (to those of us sadly unfamiliar with his song output) *Mit einer Wasserlilie*—that found the singer's most smoothly sustained line. Maybe, too, Schumann's *Der Nussbaum* earlier on—except that at that point the distortions of Miss Schwarzkopf's vowel-formation were still surprising and disturbing ear and phrase. A consummate Wolf interpreter, she seems at present to bring special sympathy to the two death haunted, emotion-chilled Mörike songs, *Denk' es, O Seele* and *Sonne der Schlummerlosen*. With four of the *Italienisches Liederbuch* (not to mention those given as encores) to end the recital, darting wit and flashing smiles were at last matched by the wit and flash of the voice. A whole paragraph could be devoted to the excellence of Geoffrey Parsons' accompaniments, to praising their tact, their supportive sensitivity, their quiet eloquence. The programme book cost 25p; with notes and translations by William Mann and Walter Legge, worth every penny.

St. John's, Smith Square

King Olaf

by DIANA McVEAGH

The revival of Elgar's Cantata *King Olaf* at St. John's, Smith Square, last week was even more exciting than that of his *Caractacus* at Cheltenham recently. Which is not to say that they should be repertory pieces. But for years the question used to be posed: how was it that Elgar developed so suddenly from talent to genius, from the composer of dated and provincial cantatas into the composer of *Enigma* and *Gerontius*?

There really is no problem. *King Olaf* is full of sounds and phrases and harmonies that are instantly recognisable, and would not come amiss in later works. The very opening strain, telling of wondrous tales, breathes the atmosphere of "Three Stars." There are grand, rolling passages suggesting the symphonies, and moods ranging

The Entertainment Guide is on Page 8

from secret withdrawn dreams to nervy vitality, all thoroughly mature.

The libretto is a hopeless mess, but just as Elgar must have chosen Caractacus because it was set on his home ground, so there was surely a personal identification with *Olaf* though only the original as Longfellow reveals it. The Olaf saga is one of the *Tales of a Wayside Inn* (a kind of American *Canterbury Tales*) and is told by the Norwegian musician "who lived in that ideal world whose language is not speech, but song's. That, together with Longfellow's being among *his mother's favourite authors*, would have been enough to kindle Elgar's imagination, and make him overlook the plot's absurdities.

What is remarkable is how often one is forced to think in operatic terms. Several scenes are so exquisitely set that one looks for curtain-rise. There are musical gestures that demand a character's entrance. The solo writing at times calls for Italian rather than Midland voices. *Even the demure finale*, straight from *Elijah*, has the chorus soprano nailed on to top C for three bars within a few pages. And the references knocking at the mind are early Verdi, Gounod, even Puccini. But had Elgar been born into an operatic environment, there would be the counter-claims to make. *No man of the theatre* would muff, as he does, the slaying of Ironbeard, and the attempted stabbing of Olaf by his bride; nor would he entangle his hero with three women in turn, and write what comes *nearest to love music with the* one whose aims were purely political. More important, the music is always finest when it is most complicated, and needs dramatic development on its own terms and not those of the visual stage.

Obviously the Cantata is inconsistent, with weak and banal stretches. But there are more reasons than piety for reviving it, and all thanks must go to the conductor Leslie Head, his Kensington *Symphony Orchestra* and Choir, with the Westminster and Carshalton Choral Societies, and the Stoke-on-Trent Bedford Singers, with Gwynneth Annear, Charles Corp, and Nigel Wickens.

Centre Theatre Group

by MAURICE IRVINE

In the Music Centre, at Los Angeles, a triumvirate of costly new theatres on a knoll overlooking the city centre, the city has a glittering monument to art and the *munificence* of local millionaires. Each theatre—the cavernous Ahmanson, the huge, glassy Dorothy Chandler Pavilion, and the compact Mark Taper Forum—takes its name from a famous Californian family (the Chandlers—chief contributors to the building of the Music Centre—own the Los Angeles *Times, and much else*).

While the Pavilion and the Ahmanson offer a sumptuous, if *conventional, diet of opera*, musical comedy, Shakespeare and Shaw, it's at the Mark Taper that the most interesting indigenous work is being done. Under a brilliant young Artistic Director, Gordon Davidson, the Taper has given the West Coast world premiers of works by authors like Christopher Isherwood, Conor Cruise O'Brien, Father Daniel Berrigan, SJ, as well as a score of unknown, untried young American writers.

Davidson's Centre Theatre Group has Rockefeller Foundation assistance, but it's also supported by a large, loyal subscription audience.

Recently, the company gave a bold, month-long festival of ten new plays *by local dramatists*, male, female, black, white, some still in their twenties, called *In the Works*. The subjects were as varied as the styles. Susan Miller's *Confessions of a Female Disorder* dealt with lesbianism, modern marriage, woman's search for identity. Ron Milner's *What the Wine-sellers Buy* was concerned with the struggle for personal freedom—in this case a young black man's attempt to shake off the ghetto, its pimps, its whores, its obsessive, futile violence. Sam Shepherd offered a deafening fantasy about a rock star on the way to nowhere.

There were wordy poetic dramas *The Collected Works of Billy the Kid*) and Pinteresque plays of sexual and other *confusions in suburbia*. Harvey Perr's *Afternoon Tea* was one such: a pair of lovers, stranded for a long Sunday in the country, play games of mental and moral oneupmanship with each other. This involves long stretches of non-action in which the lovers merely read aloud (from Lillian Hellman's autobiography) or listen to *Mahler on* the hi-fi. During one protracted pause, a member of the audience walked on stage, cut himself a slice of stage cake and walked out, thoughtfully. Every avant garde festival should outrage someone.

The grandiose and costly current production at the Ahmanson of that endearing old war-horse, *Cyrano de Bergerac*, is less significant; yet Rostand's absurdly romantic piece still comes off wonderfully on stage. And this was another milestone in the career of Richard Chamberlain, who is everybody's darling out here since his flight from television and Dr. Kildare. His *Richard II*, recently directed in Los Angeles by Jonathan Miller, won high critical praise (though Miller's production didn't); and now, his Cyrano is being greeted with almost extravagant adulation. It is "great—superb—magnificent"; Chamberlain "takes his place among the finest classical actors in the business to-day." And, indeed, his dash, comic verve, and the touch of acid he brings to Rostand's "heroic comedy" in verse — written in 1897, when the poet was 29—make for a wonderfully watchable evening. Success will shortly carry this *Cyrano* to New York, in reversal of custom, which brings to LA the East Coast's warmed-over hits.

A more significant event of the season is a double bill of two *rarely-seen works* by Brecht. The *Mahagonny Singspiel* (a compact early version of the full-length *Rise and Fall of the City of Mahagonny*) is Brecht's bitter satire for the mores of a quasi-mythical "Amerika," a capitalist Mecca sinking fast under the weight of its own greed, corruption and over-indulgence. Kurt Weill's astringent music underscores a *political message* that could hardly be heavier. Yet the flashy Las Vegas settings, popping with neon, bordered with a frieze of doomed pimps, whores and gangsters, is true to the Brechtian malaise; and it fulfils, too, *his prescription for good* theatre: "From the first it has been the theatre's business to entertain people; it needs no other passport than fun, but this *it must have*."

Richard Chamberlain as Cyrano

The second play, *Die Massnahme (The Measures Taken)* has a different aim. "It mustn't be judged by its success in satisfying the audience's habits." Brecht wrote, "but by its success in transforming them." The play, written in 1930, has been described by Arthur Koestler as "the climax of Brecht's literary career and the most revealing work of art in the entire Communist literature." It tells of a young comrade, sent from Moscow to China to foment revolution. His human feelings for the sufferings of the coolies he wishes to help repeatedly lead him into deviations from the Party line. Finally, he tries to start his own uprising. But the time is not ripe, he brings disaster on the peasants, his fellow agents from Moscow are hunted by the police: if the movement is to survive, the young comrade must be liquidated. In an eerie scene that seems to predict the Stalin *purges, he confesses* his guilt and acquiesces in his own execution. A higher revolutionary council, represented by a *Controlchorus*, praises the executioners: "Sink into the mud, embrace the butcher, but change the world; it needs it . . . what vileness would you not commit to exterminate vileness?"

The message is unambiguous. But one supposes that Brecht—despite a programme note advising us not to let the Marxist rhetoric obscure the basic universal choices being dramatised—did not feel that the principle was universally applicable. I daresay Lt. Calley, too, felt that *his* leader could do no wrong, and that the End justified the Means.

A pathetic irony emerges: much play is made of the fact that the new saviours of the people come from Moscow, that city of light for all parlour pinks of the Thirties. It was to Moscow, on tour, that Carola Neher, Brecht's mistress, friend and leading actress in his greatest successes went not long after *The Measures Taken* appeared. She never returned: swallowed in the great purges, she shared, *in some unknown form, the fate* of the young comrade.

lizabeth' Hall

Michi Inoue

by GILLIAN WIDDICOMBE

ICHI INOUE is the willowy ung Japanese conductor who on first place in public mpathy but only third prize the LSO's Rupert Foundation mpetition *earlier this year*. On riday he made his proper ondon début in an Elizabeth all concert with the London ozart Players: an interesting ening, for it confirmed and nplified the judges' evident asoning.

Inoue's prominent gift is an gaging warmth of musical eling. Both in the competion and in Friday's concert communicated a vivid, ontaneous sense of pace and lour. Haydn's Symphony No. was fresh and invigorating, ch paragraph flushed with eas, lively and personal. But at easy effectiveness seemed gain to protect Inoue from oping with a blatant technical roblem. He doesn't seem to are over much whether an chestra plays together. With e LSO this was hardly a probm; but with a perapatetic band e the LMP the strain on the ayers was cruelly obvious.

Both the Haydn symphony and the Mozart aria *Bella mia fimma*, were conducted without a baton. Which tends to intensify technical problems. For what might be credited as the graceful beat becomes as evasive as a hairdresser's gesture, unless it is backed by firm rhythmic authority. *He did use a stick* for the Ibert *Divertissement* and Falla's *El Amor brujo*, and these came off better. The Ibert was incisive and comic (it takes only nine strings, however); and the Falla, with the expanded LMP orchestra, generated imaginative energy in spite of some scraggy textures. Perhaps Inoue's ideal experience, at this point, would be to abandon the guest circuit and work regularly with an ensemble that needs training and discipline.

Friday's soloist was also a young artist of promise, the mezzo Ann Murray. The voice has obvious potential, with firm, clear quality, especially in the *chest register*; but the Mozart aria was an unwise choice, for her coloratura range is not yet developed, and she sounded tense and curiously undramatic.

Royal performance of Palladium pantomime

For the first time there will be a special Royal Performance of the Palladium's pantomime. The Duchess of Kent will see Frankie Howerd, Dora Bryan, Alfie Bass, Mark Wynter, *Elizabeth* Larner and Leon Greene in *Jack and the Beanstalk* at a special Royal performance on December 20.

The performance is in aid of St. George's Hospital and Medical School Appeal Fund, which needs a further £2m. towards the cost of re-establishing St. George's Hospital and Medical School *in South Wandsworth*, London. Part of the money will be used to establish four chairs in important areas of medical research.

Festival Hall

Bournemouth Symphony

by RONALD CRICHTON

A pleasure to find a large audience for the Bournemouth Symphony Orchestra on Friday night—even the best provincial orchestras cannot always count on good support when they *come to London. No doubt the* crowds came to hear John Ogdon play Rakhmaninov, but they stayed after the interval to hear the new piano concerto written for him by Gerard Schurmann, described in the programme as "world premiere" though in fact on the two previous evenings Portsmouth and the *orchestra's home town* had heard it from the same performers.

Schurmann describes his concerto as "an attempt to reconcile a contemporary idiom with a . . . solo piano part of virtuoso proportions." In the event the piano's scattery groups of small notes, wide skips, *martellato* and *furioso* markings, are *outweighed* by unashamedly pianistic writing with roots in Liszt and Bartok. The orchestra is normal, with double woodwind. The writing is fluent, uninhibited, often quite heavy in texture, though this did not *seem to cause Ogdon much* trouble. Like Roberto Gerhard, Schurmann can keep a straightforward rhythm going for a longish time without juggling the bar-lines or resorting to metrical peculiarities.

Apart from the soloist's opening and mid-way cadenzas, which are unbarred, the first of the two movements, with *some modifications* of speed maintains an unbroken three-four throughout its length. There is a strong enough impulse for this not to matter; with their gale force scoring and acrid harmony, these pages are agreeably bracing. The second movement is one of those carefully constructed sectional affairs designed to outwit the finale problem by pretending to be slow movement and scherzo as well. At a first hearing, the initial Lento appeared as little more than a necessary pause for breath after the previous pummelling.

The Presto that follows is prickly and swift; the final section reverts to earlier material (the movements are thematically interrelated) and brings back the *mood of the rochestra's first* entry. Neat enough, but by now one has begun to wonder if the material will bear the weight thrust upon it. Useful and workable phrases don't quite make up for the tune that always, with *this kind of piano writing, seems* to be round the corner. Ogdon produced a wealth of warm, unclangy tone and sailed through the bravura. Paavo Berglund and the orchestra supported him with a will.

The mysterious gift of melody was illuminated by the next work. The sixth symphony of *Sibelius is by no means an* obviously tuneful work, yet over the years its unemphatic statements grow more and more memorable. Berglund does Sibelius with as little fuss as if he were starting a baroque concerto, but behind the apparent unconcern there is deep knowledge and great wisdom. Except *that the pattering quavers of the* first movement were as always like bursts of soft rain, nature worship was for once in abeyance. This was as nearly as possible abstract music and nothing the worse for that.

ICA

Anglo Dutch Music Days

by MAX LOPPERT

This enterprising, but sadly under-advertised and therefore badly patronised, series continues with four more concerts, spaced out until December 10 at various smaller London concert halls. I hope they prove more rewarding than last night's at the ICA—a dim, deeply dispiriting affair, in which the amalgam of Mouth of Hermes' players and the Dutch bass-clarinettist Harry Spaarnay, of works by British and Dutch (and, by chance, Japanese) composers proved only that all the countries *concerned have their* dull composers and their tedious compositions.

Perhaps the last work of the evening could be exempted from general excoriation: *Intra 1* by the Utrecht-born Ton Bruynel *(b. 1934), which combined bass* clarinet sounds—produced live as well as pre-recorded on tape—with the electronic distortions of those sounds effected by the performer during the performance. Live electronic music, in other words, and lively, too, in its focusing on the activities of the clarinet reed while breathed or blown through; patterns of notes are heard set against a background of respirations metamorphosed *into something very* much like jetstream. The result showed thought, and fantasy, and even a modicum of excitement at the possibilities of the blends and balances of sound to be achieved in this way. *Not deeply original*, the piece nevertheless stirred one's interest about other pieces Mr. Bruynel may have concocted in his Utrecht studio. In this one, and throughout the evening, Mr. Spaarnay displayed a virtuoso command of his instrument.

Otherwise varying degrees of boredom: from the five pieces *by Mouth of Hermes director* and electric organist Frank Denyer, which, the composer's programme note told us, are varying stages in the progression towards his concept of "a single melodic thread": but which, to me, sounded like the progressive denudation of musical interest and life The two pieces entitled *Unison*—numbers 1 and 4 given here—were just that; interminably so. A long way from Wagner's concept of continuous melody indeed. Something more closely approaching irritation was provoked by the vanity and the silliness of Will Eisma's *Non Lecture*, one of those graphically notated pieces which allows a great deal of those clicks, grunts and gurgles from its instrumentalists and from a willing *soprano (in this case, Poppy* Holden)—fun to do, less fun to listen to. A piece for solo flute by Wim de Ruiter was replaced —at the last minute, without explanation—by one from the Japanese composer Kukushima; *during the performance*, laughter, chatter and coughs from backstage reached a level of audibility that had one briefly considering them part of the composition. I hope not; it was not an attractive effect.

Arts news in brief

Julie Andrews is returning to e London stage for the first me in more than ten years for special Christmas concert with e London Symphony Orchestra, nducted by André Previn, at e Albert Hall on Tuesday, ecember 4 at 7.30 p.m.

She will sing a selection of ristmas carols, some of which ve been arranged by André evin.

*

Spike Milligan will play Ben nn for the first month of *easure Island* at the Mermaid om December 17. Bernard les plays Long John Silver the fourth time.

The John Llewellyn Rhys Prize has been awarded to Peter Smalley for his first novel, *A Warm Gun*, published by André Deutsch at £1.95. The prize is awarded to British and Commonwealth citizens under the age of 30 at the time of publication.

*

A £500 competition open to students and recent graduates of Scottish art colleges has been initiated by the chemical company Ciba-Geigy (U.K.) Ltd.

The aim of the competition is *to find a decorative feature for* the main entrance of a new laboratory building at the Paisley, Renfrewshire, plant of the company's pigments division. The competition is open to students of Duncan of Jordanstone *College of Art, Dundee*; Edinburgh College of Art; Glasgow School of Art, and Grays School of Art, Aberdeen. In addition, 1972 and 1973 graduates from these colleges are invited to enter.

First prize in the competition will be £250; second, £175, and third, £75. A prize of £25 will also be awarded to the best adjudged entry from any college not featured in the first three placings. The competition will be adjudicated on January 30, 1974, at Paisley Museum and Art Gallery.

SPORT: SOCCER

Mackay's new Derby look a good bet for the FA cup

BY TREVOR BAILEY

E SURE way to obtain a ap laugh or a derisive giggle ing the past month has been mention Derby County and r former manager. However, ging by the spirit displayed in r goalless draw with Leeds ted, this sad affair is over. he only person to emerge credit has been Dave kay, who was clearly very py after Saturday's match. can now concentrate on his of translating the considerability of his team into tical success.

lthough they should finish he first *half-dozen*, they are kely to win the League, but ain a good bet for the FA

e clash on the Baseball nd proved something of a ppointment, and a foreigner ld have found it difficult to eve that the teams were ng the most skilful in the

st-time pass

atching it again on Match he Day, I was once more k by *how a carefully edited*, tened version on television give a false impression.

ere were reasons for this failing to come up to ctations. First, there was igh, swirling wind. Second, laying surface was far *from* so that even a perfect pass d sometimes take time to ol.

rby are accustomed to the les of their pitch, which is eason why they have such d home record. They revel the first-time pass and alise quickly on any defenmistake. d, there was rather too eedle and too little space. The outcome was 54 fouls which, with many goal kicks, corners and throw-ins, meant that play was for ever stopping and starting. *There was little* continuous flow, and it reminded one of so many semi-finals.

The first half was evenly contested with Jordan having the best scoring chance following a beautiful through pass from Clarke, who, without becoming totally involved, provided many classy touches. For Derby, *O'Hare bulldozed* his way at the Leeds defence, and Newton, who has adjusted to his new surroundings, was the best wing-half on the pitch.

In the first 20 minutes after the interval, the home team pressed continuously and created enough opportunities to win. O'Hare was unlucky with a *splendid* shot on the turn, Harvey brought off a stupendous save from Newton, and Hector *shot* wide when well placed.

During this period, the spirited Leeds defence was reduced to clearing the ball and then reorganising to *withstand* the next assault.

The Yorkshire midfield quartet lacked *its usual* precision, although Lorimer worked very hard. Jordan and Clarke, up *front, never* had much chance of finding a way through, or round, one of the best back fours in the game.

Don Revie can be *satisfied* with this valuable, if slightly fortunate, point, especially as his side was *without four* internationals, but he was probably slightly worried that their haloes *visibly* slipped in this over-physical engagement.

Jordan has great promise, but lacks the control of Jones, and, more important, *does not dove*tail as well with Clarke.

For Derby, the big item was that their players appear to have realised that their loyalty lies with the club, which pays them *substantial* wages, and not with a manager who resigned.

Against Leeds, Todd was superb, and I was very impressed by the artistry of McGovern, despite some harsh tackling.

With new signing Thomas *waiting in the wings* and Powell almost fit again, Derby have a powerful squad.

Dave Mackay's two problems could soon be whom to omit and how to introduce variations to an approach which has changed little from when his club won the League, and consequently is well known by their opponents.

British theatre season in New York

A season of British theatre will be held at the Brooklyn Academy of Music, *New York, in* January and February, 1974. Three companies will participate, *the* Actors Company, the Royal Shakespeare Company and the Young Vic.

The Actors Company will take a new production of *King Lear*, the first Shakespeare play they have undertaken. Robert Eddison will play *Lear*, Ian MacKellen Edgar, Edward Petherbridge the Fool and David *Woodvine Kent*. The director will be David William, the designer Alan Barlow. It will open in the last week of January.

The RSC will play the Stratford production of *Richard II* with Ian Richardson and Richard Pasco, and the Place *production* of *Sylvia Plath*, with Brenda Bruce. The Young Vic will take *three* comedy productions not yet decided.

GOLF

Miller's 67 clinches World Cup victories

BY BEN WRIGHT MARBELLA, Nov. 25.

THE FORMIDABLE combination of U.S. Open Champion Johnny Miller and U.S. PGA Champion Jack Nicklaus proved, as usual, too strong for the rest of the world at the Nueva Andalucia course as the United States won *the 21st World Cup golf competition*—her 12th triumph in all.

The Americans won by six *shots from South Africa's Gary* Player and Hugh Baiocchi, by 558—18 under par—to 564.

Nicklaus and Miller had led by three shots overnight, having slumped in Saturday's third round, when the South Africans really came at them. *The young* and comparatively inexperienced Miller shot a five-under-par 67, *to his partner's 71*, clinching the team victory and winning him the individual award by three strokes from Player.

The game South African had a 69 to-day, and his admirable partner Baiocchi a 72, so Player was the second individual at eight-under-par 280.

The incredible Mr. Lu from Taiwan *shared* third place *in the* individual competition with the mighty Nicklaus at 281, and he and his partner, Hsieh Min Nan shared third place in the team standings with Argentina's veterans, Roberto de Vicenzo and Fidel de Luca, at 568, eight under par.

Well down

The home countries were well down. The Irish were then best among them, the leaders on 588, thanks largely to Eddie Polland's marvellous last round of 70. *England* parted *on* 593, Wales *on* 600 and Scotland on 602.

The battle was joined between Player and the Americans from the start. Baiocchi, for once, *played rather loosely to reach* the turn in 38 shots to the 33 of Miller and Player and the 36 of Nicklaus.

When Miller holed out from some 20 feet on the eleventh green for a birdie two and from 30 feet at the long twelfth for a birdie four, the result was virtually put beyond doubt.

The fascinating aspect of the duel was really how hard Nicklaus had to compete to stay with his utterly brilliant partner to ensure team victory *for his* country. Nicklaus was plainly at odds with his swing, and hit the ball far left at six of the first nine holes, really putting himself under pressure.

No praise is too high for the 100 per cent. effort he put into his work, and it is a staggering indication of his ability that even when playing so badly by *his own* high standards he could score 69, 68, 73 and 71 to Miller's 73, 65, 72 and 67.

Miller has putted brilliately since the first round, considering his lack of knowledge of these immensely difficult and unfairly undulating greens.

He was in marvellous form to-day. On the outward half he holed putts of 10, 12 and 12 yards for birdies at the first, *fifth* and *eighth* holes, having been bunkered at the latter.

Miller sank a 30-foot putt at the 12th for a birdie and played a masterly bunker shot to within a foot of the 14th, to salvage a par from nowhere. He dropped his only stroke to par when he blocked his second shot to the right of the 15th green. Otherwise it was plain sailing for the Americans, despite the marvellous efforts of Player and Baiocchi, who came home in 34 for 72.

RUGBY UNION

Bedford halt Coventry's run

BY PETER ROBBINS

COVENTRY'S RUN of wins against Midlands clubs was ended when they lost at home to Bedford. Having beaten Northampton Moseley, Rugby and Leicester they hoped to complete a clean *sweep of Midlands teams*, but they went down 9-11.

Bedford's victory was the result of excellent teamwork, a first-class performance which was particularly impressive following the first quarter when Coventry launched a variety of sweeping attacks.

Corless, Gittings and Cowman were all close, and Bolton once ran the length of the field only to drop the ball while diving over the line. However, after 15 minutes Preece charged down a kick and Barnwell scored with Martin converting.

Bedford, wheeling Coventry destructively at the scrum, collected themselves so well that within 12 minutes of Coventry's *score they took the lead and* were never again headed. From a line-out Howard brushed off Corless and the centre was on hand to gather Wyatt's crosskick.

Bedford scored again through Bennett, who kicked accurately to within five yards of the Coventry line. Martin, their second row, flashed round the front of *the line-out to score*.

Bennett's influence was paramount—his kicking downwind tantalised Coventry. Receiving an accurate service from Smith, he chose wisely the moment to start movements. However, like his Welsh namesake he persistently refused to go for the break, though he has the pace and evasiveness to do so.

Behind the scrum Bedford's Rogers, Jackson and Hollins were far more responsive than Coventry's trio. Martin, in the second row, was in good form but Bedford's prime virtue was that they all worked *selflessly* for each other, and they were quick to take advantage of Coventry mistakes.

Coventry's pack won plenty of the ball at the set pieces. Darnell did well at the line-out, and Gallagher struck well at the scrum. But their loose play was so inconsistent that their back play suffered.

Cowman was well served by Gittings, playing his 300th game, but the fly half was not firm enough in the use of his possession. Often he came back to the forwards. He was then cut down by the other forwards and the ball was worked to the unerring boot of Bennett.

With the Bedford centres lying up to, and often over the offside line, Coventry should *have been turning to movement* round the base of the scrum, to long pressurising kicks from Cowman, but the fly half never made Hanson, the full-back, run around.

RUGBY LEAGUE

Powerful Australians take their revenge

BY KEVIN RAFFERTY

THE AUSTRALIANS amply *avenged their beating in the first* Rugby League test by trouncing Great Britain by 14 points to six at *Leeds, on Saturday*. Now there is all to play for in the third and final test at Warrington, *next Saturday. My main* hope is that after the two crunching build-ups the teams will not need an all-in wrestling expert to sort them out.

As in the first test the contrast in styles was stark. The Australians emerged young, bright and strong—like healthy American student footballers in the way they strode around. In demeanour the British reminded one more of chunky Northern working men resurrected from an age ago, bunching about as if they had boozed too heavily after a hard shift at the pit.

The first impressions were not belied. The Australians, superbly fit, had worked together long *enough to perfect a number of* moves in full cry. There was a good deal of stereotype about them, but that did not matter; they battered the British back.

The British *response* should have been to show the traditional trickiness of the north of England game with its running skill in the tightest quarters that can squeeze and squirm tries out of the closest clutches of opposing forwards. But they were too sluggish, and players stood rooted to the spot, to pass the ball as if they were heaving sacks of coal. Sullivan and Atkinson on the wings hardly saw the ball all afternoon.

British chances were further spoilt by their slack tackling. Their own attacks could be halted by a *quick single bearlike* embrace. The Australians, by comparison, were not such easy prey: an attacker would take on one, two, three, even four men and still refuse to go down before he had hurled the ball clear.

If Britain want to win the Ashes they had better find new *spirit and new ideas to flummox* their opponents; it is no use hoping to beat these Australians by brute force. They are better at it.

Businessman's Diary

Pilot camping show project

A PILOT Camping, Outdoor Life and Travel Exhibition is being planned by the organisers for next June on Clapham Common, in south London.

The reason for the venture is the uncertainty over Olympia although the lease still runs for the 1974 show. The organisers and the trade will watch the results of the pilot venture closely for if it proves successful and a lease was granted it would be possible to hold a much bigger show on the Common than at Olympia and at a fraction of the cost.

Meanwhile this year's show, to be held from December 28-January 6, will have about 120 exhibitors, although many stands will be occupied by more than one participant. There is to be a huge section on motor caravans on the second floor with about 60 models at prices ranging from £5,000-£1,500. Also on display will be a wide range of equipment and accessories for the outdoor life.

Two new fairs

TWO NEW exhibitions on the calendar are one devoted to fashion accessories and knit yarns and another on laundry and the cleaning industries.

The first trade fair to be devoted to fashion accessories is to be held at the Mount Royal Hotel, London, from February 24-27.

The laundry and cleaning services fair is to be a smaller first event—at the Normandy Hotel, Renfrew, on December 5-6. It will be accompanied by a seminar and most leading suppliers will be showing their latest ranges of equipment.

Foreign buyers for hardware

EARLY INTEREST indicates that there will be a "substantial increase in the numbers of overseas buyers coming to London's twentieth International Hardware Trades Fair."

The organisers report that buyers from Europe, the Middle and Far East, the continent of Africa, Australasia and the Americas have said they intend to attend. They are also expected from as far as Thailand and Venezuela.

Occupying all four halls at Olympia, London, from January 28—February 1, the coming fair will be the largest of its kind yet to be staged. There are some 600 exhibitors.

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Professional Model Makers' Exhibition (cl. Jan. 5)	Design Centre, S.W.1
Current	Northern Motoring Show (cl. Dec. 1)	Queen's Hall, Leeds
Current	Camping Trade Fair (cl. Nov. 28)	Exhibition Hall, Harrogate
Current	Wholesale Buyers' Gift Fair (cl. Nov. 29)	Mount Royal Hotel, W.1
To-day	Industrial Safety Exhibition (cl. Nov. 28)	Earls Court
Nov. 27—29	*Italian Fabrics Exhibition*	*Italian Trade Centre, W.1*
Nov. 27—29	Automatic Testing '73 Exbn. and Conference	Metropole Cv. Cent., Brighton
Nov. 27—29	Fabrics for '74 Exhibition	Celanese House, W.1
Nov. 27—30	International Materials Management Exhibition	Metropole, Brighton
Nov. 27—30	Chester Antiques Fair	Grosvenor Hotel, Chester
Dec. 1—2	British Intnl. Coin, Stamp & Militaria Fair	Olympia
Dec. 3—7	Royal Smithfield and Agric. Machinery Show	Earls Court
Dec. 4—6	Fabrics from France Exhibition	Mount Royal Hotel, W.1
Dec. 4—8	Furniture Production Exhibition	Olympia
Dec. 4—8	Caravan Production Exhibition	Olympia
Dec. 4—8	Woodworking Industries Exhibition	Olympia
Dec. 19—22	Dunhill Int. Show Jumping Championships	Olympia
Dec. 28—Jan. 6	Camping, Outdoor Life & Travel Exhibition	Olympia
Jan. 1—12	Model Engineer Exhibition	Seymour Hall, W.1
Jan. 2—12	International Boat Show	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Education & Training Equip. Exbn. (cl. Dec. 2)	Moscow
Current	Swiss Industrial Exhibition (cl. Dec. 2)	Sao-Paulo, Brazil
Current	Book, Stationery & Tech. Instruments (cl. Dec. 2)	Naples
To-day	Chemical Industries Exhibition (cl. Nov. 30)	New York
To-day	Hungarian Trade Marks Exhibition (cl. Dec. 1)	Budapest
Nov. 27—29	Electronic Packaging Exhibition	Mexico City
Nov. 27—30	Congress & Exbn. for Computer Systems	Munich
Nov. 30—Dec. 7	International Mechanical Handling Exhibition	Paris
Nov. 30—Dec. 3	Intnl. Exbn. of Horticultural Technology	Ghent
Nov. 29—Dec. 3	International Furniture Show	Brussels
Dec. 6—10	International Wine Fair	Verona
Dec. 11	European Trade and Industry Conference: organised by the Financial Times, Fédération des Enterprises de Belgique, Office Belge du Commerce Extérieur, British Overseas Trade Board and the Confederation of British Industry	Brussels
Dec. 13—18	Intnl. Exbn. of Caravans and Accessories	Amsterdam
Jan. 4—13	Intnl. Sportsmen's Vacation & Travel Show	Los Angeles
Jan. 5—13	International Textile Machinery Exhibition	Sao Paulo, Brazil
Jan. 6—10	China and Glass Exhibition	Atlantic City
Jan. 7—10	Intnl. Hotel, Café & Restaurant Exhibition	Amsterdam
Jan. 7—11	Trade Fair for Travel, Leather Goods & Souvenirs	Utrecht
Jan. 8—11	European Knitwear Exhibition	Milan
Jan. 9—13	Intnl. Trade Fair for Home Furnishing Textiles	Frankfurt

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Current	Financial Times and City University: FT-City Course (cl. Dec. 13)	City University, E.C.2
Current	ICMA: Adv. Concepts for Man. Accts. (cl. Nov. 30)	Crown Hotel, Harrogate
Nov. 27—28	Fin. Times: Participation and British Industry	Royal Lancaster Hotel, W.2
Nov. 27—29	Institute of Fuel: Fuel and the Environment	Congress Theatre, Eastbourne
Dec. 4—5	Financial Times, Petroleum Times and British Airways (BOAC): The North and Celtic Seas	Royal Lancaster Hotel, W.2
Dec. 4—5	Imperial College: Safety & Economics	Prince Consort Road, S.W.7
Dec. 4—6	Frank Jefkins: Planning Press Relations	Connaught Rooms, W.C.2
Dec. 4	Imperial College: Distribution Network Theory	Exhibition Road, S.W.7
Dec. 4—6	Industrial Society: Managing People	Washington Hotel, W.1
Dec. 6	Fin. Times and Inst. of Chartered Accnts.: Inflation Accounting—Alternatives and Implications	New London Theatre, W.C.2
Dec. 6—7	*Marketing Improvements: Practical Pricing*	*Portman Hotel, W.1*
Dec. 6—7	EBI: Cutting Maintenance Costs	Quaglino's, S.W.1
Dec. 9—14	TMP (Lancaster): Selling to Organisations	Cudham Hall, Kent
Dec. 10	BAS: Land Hoarding Charge	18 Mansfield Street, W.1
Dec. 11	MCL: Overhauling Accounting Systems	Prince of Wales Hotel, W.8
Dec. 11—14	Brunel University: Workplace Negotiations	Uxbridge, Middx.
Dec. 12—14	IMRA: Export Marketing Research Course	Whateley Hall Htl., Banbury
Dec. 12—13	Fin. Times and Professional Administration: Action for Company Pensions	London Hilton, W.1
Dec. 13	J. Morrell & Ass.: Exchange Rate Movemts. in 1974	Carlton Tower, S.W.1
Dec. 13	Ass. Bus. Progs.: Pay & Prices Code, Phase 3	Royal Lancaster Hotel, W.2
Dec. 13	Airflow Devs.: Conference on Air Pollution	Connaught Rooms, W.C.2
Dec. 13—14	SML: Creativity & Innovation Workshop	London Business Sch., N.W.1
Dec. 14	Legal Studies: Consumer Credit: New Legisltn.	Royal Lancaster Hotel, W.2
Dec. 14	Investment & Prop. Studies: Eurobonds	London Hilton, W.1
Dec. 16	W. D. Scott: Simplified Office Standards	Moor Hall, Cookham, Berks.
Dec. 16—21	HTS: Group Dynamics of Work Situations	High Wycombe, Bucks.
Dec. 18	BACIE: Visual Aids	16 Park Crescent, W.1
Jan. 6—11	TMP (Lancaster): Marketing Management	Cudham Hall, Kent

THE WEEK IN THE COURTS

House buying: problems on the meaning of contract

BY JUSTINIAN

SOLICITORS ENGAGED in conveyancing work have this year been in a state of professional apoplexy. The hallowed phrase "subject to contract" used in negotiations for the sale of land was held by the Court of Appeal* last April not to protect solicitors' clients in all circumstances from an enforceable contract.

Last week, however, a differently constituted Court of Appeal** declined to follow the path of its predecessor. It restored solicitors' confidence that correspondence starting with a letter "subject to contract" and then setting out the terms for sale or enclosing a draft contract did protect the client, who was not legally bound by his oral agreement to sell or buy the land. If two conflicting decisions of courts of co-equal jurisdiction will not give solicitors complete peace of mind, they will at least reduce the professional pulse rate until the House of Lords resolves the judicial disagreement.

Fundamental

The problem all stems from a fundamental rule that an agreement for the sale of land made *orally* cannot be enforced in the courts. The contract must either be in writing, or there must be a "note or memorandum" of the oral agreement. And there's the rub. Working from the basic rule solicitors have developed a practice of hedging their clients' oral agreement to sell and purchase land by ensuring that until formal written contracts are signed and exchanged their clients' agreements are made "subject to contract." Hence until the exchange of contracts, either vendor or purchaser can pull out of the transaction with no legal liability.

The delay between oral agreement and written contract gave the opportunity in the recent seller's market for the practice of gazumping. The earlier Court of Appeal decision did something to check this distasteful conduct by some unscrupulous vendors (though upsetting the conveyancers in their well-established routine). But then the Law Commission chipped in with its view. It thought that gazumping lay outside legal control: "Changes in the law designed to deal with such matters are apt to create more problems than they solve."

Memorandum

The controversy among the appeal judges all centred on the ingredients of section 40 of the Law of Property Act 1925 that makes a memorandum of an oral agreement an enforceable contract. Hitherto the term "subject to contract" has been thought to preclude the conclusion that any correspondence could be a memorandum. A letter from a solicitor simply denying an enforceable contract cannot of course amount to a memorandum. But what about a letter which sets out the terms of the agreement and does not specifically deny the existence of a legally enforceable bargain?

If the solicitor's letter to his opposite number is in the nature of a *confession* and avoidance—if it in effect acknowledges a contract whose terms are recorded in the correspondence—then on one argument the ordinary effect of "subject to contract" is waived. The agreement for the sale of land is there, and so enforceable at law. The contrary argument which prevailed in last week's decision is that the memorandum required by section 40 needs to recognise the fact of agreement between vendor and purchaser, beyond setting out the terms of the contract of sale. And "subject to contract" effectively excludes such recognition.

There is little doubt that whoever is right, section 40 of the Law of Property Act 1925 causes undue trouble. Maybe it should be repealed so that contracts for the sale of land can be made orally. That course, however, might only have the effect of creating new problems for the courts, which would have to determine whether negotiations conducted orally by parties constituted an agreement for sale and purchase. Alternatively such contracts should be required to be in writing. Nothing less than a formal document of sale signed and exchanged between the parties *would suffice* to seal their bargain.

Reimbursed

Another alternative would be to leave the law as it has been declared by the latest Court of Appeal decision, but give the party to an oral agreement made "subject to contract" a right to be reimbursed the expenses incurred if he has been unreasonably let down by the other. The problem with this, *said* the Law Commission, is that sellers of houses are generally deterred from gazumping by moral considerations. Only a minority indulge in unethical tactics. But if the law were changed to make a seller liable to reimburse a purchaser for expenses incurred in an abortive sale, the impression would be created that a seller is entitled to gazump, provided that he offers to pay the buyer's expenses. Thus gazumping would acquire a degree of *legal respectability*.

Gazumping may be only ephemeral, active in times when there is a heavy demand for houses, but the law has to be devised for all seasons and for all markets. It is not easy to see a solution. What is certain is that the legal problems arising from the two conflicting cases will not just go away.

*Law v. Jones (1973) 2 W.L.R. 994

**Tiverton Estates Ltd. v. Wearwell Ltd.

THE WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—
Bank and Commercial, Bedford, 12
Ferry Pickering, Leicester, 12
Fruit and Produce Exchange of Great Britain, Waldorf Hotel, WC, 11
Haggas (John), Keighley, 11
Marl Investment, 37, Queen Street, EC, 12
Sandhurst Marketing, Crawley, 10.30
Tyzack (W. A.), Sheffield, 12
Winn (Charles), Birmingham, 3

BOARD MEETINGS—
Finals:
Allied Mfg. and Trdg. Inds.
Lancaster (D. M.)
Sheaf Steam Shipping

Interims:
Henshall (W.) (Addlestone)
Pyramid Publishers
Reed (William)
Ropner

DIVIDEND & INTEREST PAYMENTS—
Atlantic Assets Trust 0.8p
Australian Estates Ln. £2.182
Canadian and Foreign Invst. Tst. 0.7875p
Centre Hotels 1.29p
Debenhams 0.7p
Ferry Pickering 1.4725p
Haggas (John) 1.75p
Kent (M. P.) 2.31p
Raglan Prop. Tst. 0.2695p
Wades Departmental Stores Ord. and A 1.12p
Winn (Charles) 1.421875p

TO-MORROW

COMPANY MEETINGS—
Bogod-Pelepah, 52, High Holborn, WC, 12
City and International Trust, 100, Wood Street, EC, 4.30
Dundee-Angus Ice Rink, Dundee, 12
Judge International, Brierley Hill, 11.45
Lawtex, Manchester, 12
Linread, Birmingham, 12
Lyles (S.), Ossett, 12
Raine Engineering, Sheffield, 12
Rungalaun Tea, 37, Mincing Lane, EC, 2.30

BOARD MEETINGS—
Finals:
Abbey Panels
Aust. and N. Zealand Bkg.
Brown (Matthew)
Cardiff Malting
Jokai Tea
Manganese Bronze
Tomkinsons

Interims:
Bassett (George)
Central and Sheerwood Tst.
Crellon
Dykes (J.)
Evans of Leeds
Heath (C. E.)
Prop. and Reversionary Inv. Cpn.
Transparent Paper
Triplex Foundries
Walker (Century Oils)

DIVIDEND & INTEREST PAYMENTS—
Altifund Income 1.75p. Do. Capital 0.0875p
Crossland (R. and A. G.) 0.315p
Dundee-Angus Ice Rink 4.4p
Fruit and Produce Exchange of Great Britain 1.225p. Do. 20pcPf. 14pc
Grendon Trust 1.08p
Lanarkshire 9½pc (Red. 1976-78) 4¾pc
Linread Ord. 2.0621p
Lyles (S.) 4.9p
Marl Investment 0.343p
Raine Engineering 0.37275p
Tyzack (W. A.) 1.155p
Wadham Stringer 0.56p

WEDNESDAY, NOVEMBER 28

COMPANY MEETINGS—
Barratt Developments, Newcastle-upon-Tyne, 12
Beckman (A.), Dorchester Hotel, W, 12
Coason (F.), Sutton Coldfield, 12.30
Ellis and McHardy, Aberdeen, 12.30
Gilgate, Europa Hotel, W, 12
Homfray, Halifax, 12
Joviel Properties, 59, Gresham Street, EC, 12
NS Footwear, Cardiff, 12
Newman-Tonks, Birmingham, 12
Pressac, Nottingham, 12
United Real Property Trust, Connaught Rooms, WC, 12
Wombwell Foundry and Engineering, Sheffield, 12

BOARD MEETINGS—
Finals:
Avon Rubber
Jenks (A. E.) and Cattell
Leeds and District Dyers
Mucklow (A. and J.)
Stag Line

Interims:
Carless Capel and Leonard
Crittall-Hope Eng.
Gen. Stockholders Inv. Tst.
Johnson Matthey
Kimpher
Kulim
M. and G. Second Dual Tst.
MK Electric
Monks Inv. Tst.
Nova (Jersey) Knit

Spink
Spreckley (Chas.)
Tesco

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The 'Angel and Crown'. Courtesy of Bass Charrington Limited

Behind any door you'll find someone who'll drink to the skills of Vickers.

Behind the door of almost every pub you'll find plenty of reasons to drink to Vickers. Indeed you might find it difficult to drink without us.

Whether you go for draught or bottled beer, our malting plant helps to ensure that the right stuff goes into your glass.

And in some respects, you might like to reflect that filling bottles is far more difficult than emptying them.

Vickers make a machine that will fill up to 1,000 bottles of beer a minute. They also make another that will wash the empties.

All this calls for a clear head and a great deal of technical skill.

But this perhaps unexpected view of Vickers is only part of the story.

Britain has many other reasons to drink to our achievements.

As well as putting beer into bottles, we put our skills into other engineering products. Sophisticated engineering into ships and submarines. Data retrieval and filing systems into offices. Precision and safety into medical equipment. And speed and clarity into colour printing. Many of our products are sold overseas. This year two of Vickers operating companies won Queen's Awards for exports.

So whether the product at the end of the line is a nuclear submarine or a bottle of beer, the technical strength of industrial groups like Vickers means satisfied customers.

Next time you're faced with a problem that advanced engineering can help to solve, you might like to sample the House of Vickers brew.

Vickers Limited, Vickers House, Millbank, London SW1P 4RA.

Vickers Part of life.

U.K. interest rates are highest in Europe

BY CHRISTOPHER LORENZ

A STRENGTHENED marketing effort and the downward float of sterling have contributed to a dramatic improvement in the GEC export order book.

The intake of orders in the first quarter of the company's year, April-June, was 45 per cent. higher than in the same period last year at £70.7m. GEC expects to report a similar increase for the second quarter.

The improvement follows an increase of a third, to £245m., of GEC export order inflow over the last financial year. It contrasts with a much less significant increase in the value of British exports of electrical equipment so far this year, and the emergence of a trade deficit.

Imports rise

The star areas in GEC's first quarter were Latin America, the Middle East, North Africa and the Common Market. The best product performers were gas turbines, traction, electronics (Marconi equipment) and diesel engines. The company says that the figures have not been distorted by major orders for power engineering equipment, since none were received in the first quarter.

In spite of stress by Sir Arnold Weinstock, GEC managing director, on boosting exports to Europe, the Common Market was overtaken by the Middle East and North Africa in order of significance. EEC orders jumped by 52 per cent. to £11m., while those from the Middle East and North Africa increased by almost 250 per cent. to £19m.

Latin American orders, on the other hand, increased fivefold to £5m., partly thanks to major switchgear orders from Colombia.

The improvement in GEC's order book and Thorn Electrical's high hopes for television exports in 1974 may soften the blow recently suffered by Britain's balance of trade in electrical equipment.

Figures released by the Department of Trade and Industry show that the U.K. had a deficit of almost £8m. on electrical trade in the first nine months of this year, compared with a surplus of £100m in the same period last year. Exports rose by only 26 per cent. to £586.1m. while imports surged by 62 per cent. to £593.7m.

Behind the deterioration in the balance were an increase in television imports of 168 per cent. (to £91.1m.), one of 100 per cent. in radio receivers (to £46.7m.) and one of 78 per cent. in domestic electrical equipment (to £56.8m.).

RATES AT NOVEMBER 15

Country	Bank Rate %	Overdrafts %	Loans %	Commercial and Finance Paper	%
AUSTRIA	5.50 28.11.72	8.50-9	7.50-8.50	Commercial (lower in some cases)	6-7
BELGIUM	7 4.10.73	9.50-10 plus commission 0.25% per quarter on limit of facility	—	Commercial bills 120 days (plus 0.25-1% commission for 120 day bills)	6.90
				Finance	7.25-7.75
DENMARK	9 11.7.73	10 plus commission 0.375% per quarter on limit facility plus establishment commission 0.50-1.50% flat		Commercial bills 90 days (plus 0.375% commission for 90 day bills)	10
FINLAND	9.25 1.7.73	8.75-12.50	8.75-12.50	Commercial bills 90 days	8.75-12.50
				Finance	8.50-12.50
FRANCE	11 20.9.73	11.85 minimum rate plus commission 1-20th% per month on highest debit balance in month. 11.40 minimum rate "Credit mobilisable" (See note (i))	—	Commercial bills 90 days minimum rate	10-80
				Finance minimum rate	11.40
GREECE	9 1.7.73	10-13	10-13	Commercial bills	10
ITALY	6.50 17.9.73	10	—	Commercial bills to 150 days	9.50
LUXEMBOURG	7 4.10.73	7 first class borrowers 6.50-8.50 Other borrowers	—	Commercial bills to 120	6.50
				to 360 days	7.25
				over 360 days	8
THE NETHERLANDS	7 16.10.73	10-10.50 minimum rate (See note (ii))	—	Commercial bills to 90 days	6-6.50
NORWAY	4.50 27.9.69	6 plus commission 0.375% per quarter on limit of facility	7.50-8.50	over 90 days	7-8
				Plus 0.25% per quarter commission on discount facility limit for all bills	
				Commercial bills to 180 days	5.50
PORTUGAL	4 18.12.72	5.50-7.50	5.50-8	to 365 days	6.25
				to 2 years	7
				over 2 years	7.50
SPAIN	6 27.7.73	8.50	7.50	Commercial bills	7
				Finance	7.50
SWEDEN	5 12.11.71	6.75-7.50 plus commission 1-2% per annum on limit of facility	6.50-8.50	Commercial bills to 90 days	7.25-8.50
				Finance paper to 1 year	6.75-7
SWITZERLAND	4.50 22.1.73	7.25-8.25 unsecured 6.50-7.50 secured	6.50	Commercial bills to 90 days	5.50
UTD. KINGDOM	13	14-17	14-17	Commercial bills Bank: 3 months	14.25
				Trade: up to 180 days	14.50
W. GERMANY	7 1.6.73	14.50-16 Sometimes reduced for first class borrowers (See note (iii))	14.50-16	Commercial bills	13.25-13.75

NOTES:—
(i) Facilities are usually of short duration.
(ii) Commission of 0.35% per quarter added, based upon highest overdraft figure.
(iii) For customers overdrawing without prior approval, the rate is increased up to 17% per annum.

Materials shortage cut U.K. share of tractor boom

BY PETER BULLEN

SHORTAGE OF raw materials and labour disputes have prevented British manufacturers exploiting a world boom in demand for tractors. They have also made the home market vulnerable to foreign imports, it was claimed yesterday.

Ford Tractor Operations said the long waiting lists for tractors —farmers having to wait until mid-1974 for new models and a further 12 months for other farm machinery—were due to the shortage and disputes.

The company said the record demand, which would probably last for two years more, had followed the upsurge in world grain prices and farm incomes.

Unfortunately, it had coincided with a period of strain on the manufacturing resources of British Industry caused by the Government's sustained growth policy and the shortages of raw materials, particularly steel, it had created. In addition, a seven-week strike at the company's Antwerp factory supplying rear axles and gear boxes for Basildon-built tractors had a "disastrous" effect on the first quarter's production.

Mr. G. R. Tiplady, general sales manager, said Ford had not been the worst affected and the shortages of the two main British manufacturers had presented a golden opportunity for foreign imports.

Foreign tractor imports in the first ten months of this year totalled 4,434 compared with 3,570 in the comparable period of 1972 and their market share had risen from 14.2 per cent. to 16.8 per cent. Most had come from Iron Curtain countries, some of which were eager for hard currency and their tractors were often sold at £400 to £500 lower than comparable British models.

So far this year, Ford has produced 7,270 or 27.4 per cent. of the 26,498 tractors made in Britain but both volume and penetration are down on last year's figures of 7,329 and 29.1 per cent.

"However, even though our market share is down slightly we are pleased to announce that Ford has achieved market leadership so far this year and this is always a source of considerable satisfaction to any manufacturer, even though we must admit that we would have preferred to have achieved this in a free supply situation rather than because our major rival suffered even greater losses than ourselves due to industrial strife," said Mr. Tiplady.

To mark the opening of the Royal Smithfield Show at Earl's Court in London next week (December 3-7)—the annual "shop window" of Britain's agricultural machinery industry —Ford has introduced a new "Dual Power" system for its two largest models which adds eight new forward and two reverse gears for an extra cost of £139 or £153.

A two-speed power take-off for the two largest models, a steel roof as standard equipment on the cabs of light tractors and a "super de luxe" seat for tractor drivers are also being introduced.

GEC export orders up 45% over last year

BY CHRISTOPHER LORENZ

U.K. INTEREST rates are now the highest in Europe again, according to the latest survey on interest rates from Williams and Glyn's Bank.

"Only in West Germany, where the equivalent of the 'blue chip' rate is 14½ per cent., compared with 14 per cent. in Britain, are rates at comparable levels," the bank's international banking division says.

On November 13 the U.K. minimum lending rate was raised from 11.25 per cent. to 13 per cent. and there was a consequent 2 per cent. rise in banks' base rates to 13 per cent.

Elsewhere, Continental interest rates have remained very steady over the last month, after a number of sharp increases in the previous months.

The only other changes, apart from the substantial U.K. rise, were increases in German bill rates, which went up by 0.5 per cent., and an increase of 0.25 per cent. in Swiss banks' loan rates.

Bill rates in Switzerland in fact declined by 0.75 per cent.

The problems of excess demand and inflation remain pressing in most of Europe, the bank says, and the Middle East situation has added to the uncertainties.

"In these circumstances it is difficult to predict the direction in which interest rates might move. However a period of continued firmness of rates and credit restraint is likely in Europe, but rates could be expected to fall as the boom is brought under control," Williams and Glyn's suggests.

Although interest rate movements were few over the last month, some countries—notably France, Austria and Switzerland —introduced measures to reduce the lending undertaken by their banking systems.

Outside Europe, interest rates also showed little sign of movement, despite the uncertainties arising from the Middle East situation.

In the U.S. prime rates continued to decline in the month to mid-November, reaching 9½-9¾ per cent., despite the development at the end of the period of a much firmer trend in money market rates.

CONSUMER CONFIDENCE

No improvement over the previous month's level

FINANCIAL TIMES REPORTER

CONSUMER CONFIDENCE remained at a low level in November, but at least fell no further from the previous month's level.

There was, however, a drop in the number of people who felt that the present time was a good one for the purchase of consumer durables.

The results are based on interviews carried out before the Bank of England measures aimed at securing higher interest rates and less easily available credit.

These are two of the main conclusions of the latest survey of financial expectations undertaken for the Financial Times by the British Market Research Bureau. The findings are based on a nationally representative sample of 852 adults interviewed between November 1 and November 7.

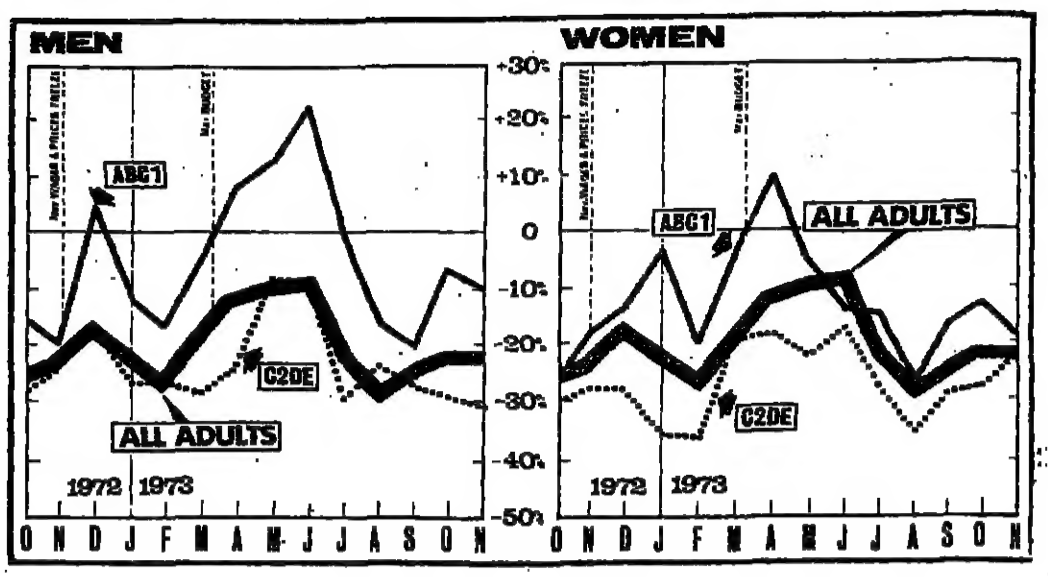
The consumer confidence index, which represents the balance between those of the sample who expect conditions to improve over the next 12 months and those who expect things to get worse remained at —22, which is the same as the October figure, and compares with the recent low of —29 per cent. in August.

Within the overall average, there have been changes among constituent categories of people. For example, among ABC 1 men there has been a reversal of the sharp recovery in confidence which took place in October. Now 10 per cent. on balance are expecting conditions to deteriorate as compared to 6 per cent. a month ago.

The only sign of a slight revival in confidence is among women in the C2DE category, where the pessimists now hold sway by 22 per cent. as against 28 per cent. last month. Even so, the clear trend continues that both men and women in the C2DE category remain more pessimistic about the outlook than do men and women in the ABC1 group.

THE NEXT 12 MONTHS

Percentage balance of respondents expecting conditions to improve in the next 12 months over those expecting them to worsen.



BETTER OR WORSE OFF

Are you and your family better or worse off financially than a year ago? Percentages refer to those saying "Better off": "Worse off." In brackets—"The same/Not sure."

	All Adults	ABC1 Men	ABC1 Women	C2DE Men	C2DE Wom
November 73	27 : 40 (33)	32 : 31 (37)	28 : 39 (33)	26 : 44 (30)	24 : 43 (3
October 73	29 : 42 (29)	31 : 32 (37)	32 : 39 (29)	27 : 47 (26)	26 : 44 (3
September 73	28 : 41 (31)	34 : 35 (31)	32 : 30 (38)	26 : 48 (26)	23 : 42 (3
August 73	26 : 42 (32)	30 : 35 (35)	30 : 35 (35)	23 : 43 (34)	23 : 48 (2
July 73	24 : 43 (33)	30 : 35 (35)	23 : 40 (37)	23 : 45 (32)	21 : 44 (3
June 73	36 : 34 (30)	53 : 26 (21)	33 : 30 (37)	36 : 37 (27)	31 : 36 (3
May 73	33 : 38 (29)	37 : 31 (32)	36 : 33 (31)	33 : 41 (26)	29 : 40 (3
April 73	29 : 39 (32)	37 : 34 (29)	27 : 37 (36)	32 : 40 (28)	22 : 44 (3
March 73	25 : 41 (34)	32 : 40 (28)	30 : 34 (36)	21 : 41 (38)	21 : 47 (3
February 73	29 : 37 (34)	30 : 32 (38)	24 : 39 (37)	31 : 39 (30)	29 : 37 (3
January 73	31 : 35 (34)	38 : 31 (31)	32 : 30 (38)	31 : 40 (29)	29 : 37 (3
December 72	32 : 34 (34)	37 : 30 (33)	26 : 33 (41)	35 : 34 (31)	28 : 36 (3
November 72	31 : 39 (30)	40 : 38 (22)	28 : 34 (38)	33 : 40 (27)	28 : 41 (3
October 72	21 : 67 (12)	31 : 56 (13)	16 : 71 (13)	22 : 64 (14)	16 : 71 (1

Women blame EEC for most price rises

By Lorne Barling

HOUSEWIVES IN Britain believe that the main reason for rising prices is the country's entry into the EEC, according to the results of a survey published yesterday.

The survey, carried out by The Grocer and the J. Walter Thompson Organisation, showed that housewives believed the other reasons for price increases were strikes and VAT.

The findings showed that 81 per cent. of those questioned believed they were worse off than in the previous year, and that 96 per cent. of them thought rising prices was the reason.

Indonesia sea freight rates

MEMBER LINES of the Europe-Indonesia Freight Conference have announced that, from December 1, they will incorporate their existing "Suez" surcharge within tariff rates of freight.

Co-op Union considers store mergers speed-up

BY LORNE BARLING

KEY PLANS to speed up the rate of mergers within the Co-operative movement are to go before the policy-making committee of the Co-operative Union, the movement's central co-ordinating body this week.

It is understood the document to be submitted to the Co-operative Union central executive on Wednesday will include a recommendation that the number of retail societies should be brought down to about 20.

The proposals will go before the committee as a discussion paper. Any executive-approved plan would have to go before next year's Co-operative Congress, the movement's "parliament," for confirmation.

The proposal comes at a time of growing concern about the slow rate of society mergers in the movement.

Nonetheless, the process of amalgamation and the campaign to modernise the stores, spearheaded largely by the Co-operative Wholesale Society, has started bearing fruit.

OVERSEAS NEWS

Hitch in Km101 talks stalls Sadat's plans

BY WILLIAM DULLFORCE

CAIRO, Nov. 25.

THE CHECKPOINT 101 disengagement talks between Egyptian and Israeli officers scheduled for this afternoon have been postponed until 11.00 to-morrow

President Anwar Sadat has therefore not got the agreement on Israeli withdrawal from its west bank positions which he had hoped to take to the Arab leaders summit starting in Algiers to-morrow.

The stalling of the talks came amid mounting tension in Cairo over the possibility that fighting might break out again in the Suez Canal zone (where the Israelis announced a two-hour exchange of artillery fire took place this afternoon).

However, the air was cleared considerably by the news of Israel's agreement to take part in peace talks in Geneva next month.

Egyptian officials believe that Israeli stubbornness in the checkpoint 101 talks is deliberately designed to provoke dissension among the meeting Arab leaders. One well-informed source forecast that there would be no final ceasefire agreement while the Arab summit was on but also warned that there were "ways of reversing Israeli intransigence."

There have been indications that the checkpoint talks have got stuck over the Israeli demand that the Egyptian forces must leave the east bank. Egyptian officials said last week there could be "no question" of Egypt abandoning the Egyptian territory it had won back.

They also indicated it would be difficult for President Sadat, in face of domestic public opinion and the doubts of other Arab leaders, to agree even to the replacement of the Egyptian Army by a civil administration on the east bank. There would then be no obstacle to the Israeli forces sweeping back to the Canal whenever they chose.

● Richard Johns writes from Algiers: A firm commitment to the restoration of the "rights of the Palestinians" now seems certain to emerge from the Arab summit conference which opens here to-morrow. It threatens to be a bigger stumbling block in any negotiations with Israel than the future jurisdiction over Jerusalem.

Arab leaders are also expected to back Egypt's plea that the oil squeeze should be tightened until Israel starts pulling from occupied territories or makes a specific commitment to do so. They may also set a deadline, threatening resumption of hostilities if this is not met.

Mr. Yasir Arafat, chairman of the Palestine Liberation Organisation, arrived here last night looking buoyant and saying that his talks in Moscow had been "crowned with success." He will be attending the summit with the status of a Head of State. Almost inevitably a corollary will be a collective blessing for a Palestinian Government-in-exile and an insistence that it takes part in a peace conference.

By absenting himself from the summit, King Hussein must be showing his displeasure at the Arab consensus that a Palestinian State must be independent from Jordan.

With the prospect of the negotiations ahead the factions of the Palestinian movement have been forced to stand together and all of the main ones were in Moscow with Arafat. Now only the Baghdad-sponsored Arab Federation Front has opted out from the gathering here, in line with Iraq's boycott of the summit.

● Rupert Cornwell reports from Paris: Colonel Muammar Khedaffi to-day launched a broadside attack here on his fellow Arab leaders as they gathered for their summit in Algiers. But he was notably more discreet on the possibility of further arms sales by the French Government to Libya.

Meir: party to decide on future

By L. Daniel

TEL AVIV, Nov. 25

MRS. GOLDA MEIR, the Israeli Premier, will ask the central committee of the Labour Party which she heads to make it clear whether the party wants her to continue as Premier—if Labour is again the main partner in the next Government after the general election scheduled for December 31.

She has asked that a secret vote be taken on this at the meeting of the party central committee scheduled for Wednesday, a meeting which is to consider the Labour Party's platform for the election in the light of the war and the political developments of the past seven weeks.

The discussions are expected to be long and bitter. A few days ago Mrs. Meir told a meeting of the committee that she wants to know definitely "who is for whom and who is for what," following substantial divisions within the party and a general air of uncertainty in the country as to who was responsible for the decision not to mobilise for the war, with all that this entailed.

Deflation forecast after reshuffle of Japanese Cabinet

BY PETER DUMINY

TOKYO, Nov. 25.

THE APPOINTMENT of Mr. Takeo Fukuda as Japan's Minister of Finance, filling the vacancy left by the death of Mr. Kiichi Aichi on Friday, will be judged an astute move by Mr. Kakuei Tanaka, the Prime Minister.

Mr. Fukuda has been the main critic of the Government's economic policies within the ruling Liberal Democratic Party. He leads the most powerful faction within the party. He was Finance Minister in the last Cabinet but one of former Prime Minister Mr. Eisaku Sato—and he was Mr. Tanaka's chief rival for the Prime Ministership last year. At the age of 68, Mr. Fukuda was, at least until to-day, still considered a serious potential contender for the leadership.

Mr. Fukuda's return to a key Cabinet portfolio from the relative one of obscurity of the Administrative Agency which he has headed for the past year, means that Mr. Tanaka is able to keep the Finance Ministry in experienced hands.

The appointment also has deeper significance. Mr. Fukuda was publicly advocating much more stringent deflationary measures, including slashing of Government capital works programmes, well before the present oil emergency. It is virtually inconceivable that Mr. Fukuda would have been offered the Finance Ministry had the vacancy occurred prior to the energy crisis.

Now, however, Mr. Tanaka may well recognise that Mr. Fukuda's policies are what he needs. Thus he not only silences a critic but gains a powerful ally with both the will and the political muscle to hand down unpopular measures which have begun to appear increasingly necessary to deal with the inflationary impact of the oil supply situation.

Up to the present the initiative in dealing with the oil situation has largely been seized by the Ministry of International Trade and Industry.

Mr. Fukuda is unlikely to accept a back seat. He arrives at a time when next year's Budget is in an advanced stage of preparation, but said to-night he had made it a condition of the appointment that economic policies would be revamped in the light of his known views.

Another significant change was involved in the choice of Mr. Tadao Kuraishi, a Fukuda supporter, as Agriculture Minister.

Bonn may forgo regional aid

BY LORELIES OLSLAGER

BRUSSELS, Nov. 25.

GERMANY is so concerned to keep down expenditure for the proposed European regional fund that she may be willing to forgo all claims on the fund herself, informed sources said here today. This message is said to have been given by Herr Helmut Schmidt, the German Finance Minister, to Mr. George Thomson, the Commissioner responsible for regional policy, during their talks in Bonn last week.

Mr. Thomson has consistently argued that the fund must be big enough to benefit all member States, including West Germany.

Herr Schmidt is also said to have suggested that instead of allocating new resources for the fund the Community might first use up the so-called Mansholt Reserve—unused money from the guidance section of the European farm fund. The Mansholt Reserve, named after the father of the Common Agricultural Policy, is estimated to stand at about 350m. units of account (old dollars).

Mr. Thomson is asking for 2,250m. units of account for the regional fund for the years 1974 to 1976.

Germany's willingness to consider forgoing any claims on the fund is also apparent from the talks now going on between officials of the nine member-States in Brussels. The Germans recently asked the European Commission to calculate how many people would be entitled to help from the fund if a GDP per head of 20 per cent. and more below the Community average was the primary yardstick. The Commission has so far made its calculations on the basis of GDP below the Community average, which means that Germany has 9 per cent. of the total EEC population eligible for assistance. If the yardstick is GDP 20 per cent. below the average, only parts of Britain and Italy and the whole of Ireland would be entitled to help.

Britain views Iran ventures

BY DAVID HOUSEGO

TEHRAN, Nov. 25.

THE LARGEST British mission that the Confederation of British Industry has ever sent abroad is gathering here for a two-day conference on the possibilities of expanding British investment in Iran.

Led by Lord Thorneycroft, Chairman of the British Overseas Trade Board, the mission includes about 70 senior representatives of industry together with a prominent contingent of bankers.

The conference will be formally inaugurated by the Iranian Prime Minister Amir Abbas Hoveyeda to-morrow night. An indication of the importance the Iranians attach to the meeting—the largest of its kind ever to have taken place in Iran—is that they have decided to hold it in the tented city at Persepolis where Heads of State assembled for the 2,500 anniversary of the Persian monarchy two years ago.

To add further flourish to the meeting, several British companies ar expected to announce that they have signed initial agreements for investing with Iranian partners in new joint venture projects here.

Brandt in Paris talks

By Rupert Cornwell

PARIS, Nov. 25.

CHANCELLOR BRANDT arrives here to-morrow for two days of talks with President Pompidou that could pave the way for a significant advance in improving political co-operation in Europe.

The meeting, which was to have been held in January, will be the third Franco-German summit this year, and will obviously be devoted largely to preparing the nine-nation Community summit in Copenhagen next month. The two leaders will be alone for some six hours, spread over three separate private conversations.

THE OIL SITUATION

Governor of Bank flies to see King Faisal

RIYADH, Nov. 25.

MR. GORDON RICHARDSON, Governor of the Bank of England, was due to meet King Faisal of Saudi Arabia here to-day for talks expected to cover prospects for British involvement in the development of this rich oil State.

He flew into the Saudi capital last night from Jeddah, the country's commercial centre, where he had discussions with Mr. Anwar Ali, Governor of the Saudi Monetary Agency, and other members of the banking and financial community.

"We wanted to see any opportunities there are for British investment here, and vice versa," said Mr. Richardson.

After his audience with King Faisal, he was due to meet officials in Riyadh.

Mr. Richardson was invited to Saudi Arabia some time ago by Mr. Ali, and the visit has no direct connection with the oil crisis, although this is believed bound to crop up in his conversations here.

He was accompanied from Jeddah to Riyadh by Mr. Alan Rothnie, British Ambassador to Saudi Arabia.

Reuter

NATURAL ENERGY HOUSE, PLANNED

A house that runs on natural energy is to be built in Cambridge. The sun, the wind and the earth's own heat will provide energy.

The house is to be built by the university's department of architecture with grants of £25,000 from the Science Research Council and £6,000 from the Department of the Environment. It should be ready for its first occupier by 1975.

Chemical companies look at investment programme

BY RAY DAFTER

EUROPEAN CHEMICAL companies are carrying out a fundamental review of their investment programmes, in the light of the oil situation and the rising costs of feedstock and freight.

Not only are they evaluating the effect of supplies on production capacity; they are also trying to assess the public attitude to higher priced materials, such as plastics.

As Mr. J. S. Schrader, administrative director of the large Antwerp chemical plant of BASF (Badische Anilin and Soda-Fabrik), pointed out at the week-end: "We must see whether the consumers and industry are willing to pay higher prices for materials which may have been regarded as cheap in the past."

The U.K. chemical and plastics industry is looking at the public attitude to materials once regarded as cheap substitutes for wood, steel, leather and so forth. The industry recognises that the the cost of the plastic materials is fast catching up with the "originals."

Increasingly, industrial leaders emphasise that the industry must change its public image, away from the disposable products and the substitutes and towards materials which have technological and aesthetic values in their own right.

Most chemical companies throughout Europe are involved in such re-assessment, said Mr. Schrader. His own company's five-year investment plan at Antwerp—involving well over £50m.—is being reconsidered.

£97m. turnover

So far, BASF has invested well over £132m. on the Antwerp plant, which has a turnover of some £97m. At present, only one new production unit is being developed—a plant for methylene-di-phenilene diissocyanate production with a 24,000 tonnes a year capacity.

This year there has been no major investment at the site; projects have been confined to "de-bottlenecking," said Mr. Schrader. It was still the company's intention to invest at least to the level of depreciation—at least £10m. a year—and if signs are favourable taking in some cash flow as well.

The oil cuts were unlikely to have any real effect until early next year, although the company was already feeling the effects of rising feedstock prices.

The Antwerp plant used some 380,000 tonnes annually—most of it from Florida which had recently risen in price by 40 per cent., but with some coming from North Africa, where the price had gone up by as much as 300 per cent.

Since December last year, said Mr. Schrader, the freighting cost of phosphates from Florida had risen from around $2.90 a ton to almost $20.

● MR. PETER ROST, MP for SE Derbyshire, yesterday urged aid for the chemical industry during the fuel crisis, and warned that unless it got oil supplies there could be a shut-down in chemical products, leading to major problems for power stations, sewage works, water works and steel firms.

He said: "My information is that the failure to give priority to the chemical industry as a whole is through ignorance on these matters in the Department of Trade and Industry."

Brandt urges more solidarity

BY JONATHAN CARR

BONN, Nov. 25.

WEST GERMAN Government leaders warned this week-end that the oil shortage could well have more serious consequences than at first feared, and urged greater European solidarity to face it.

The statements from Herr Willy Brandt, the Chancellor and Herr Helmut Schmidt, the Finance Minister, came as a Sunday driving ban went into effect for the first time in West Germany.

In a television address Herr Brandt said that no great sacrifice was being asked of people, at least for the present. But he added that they should be prepared "for the wind to blow harder yet."

He said: "If the West European Community cannot find a joint line on the energy crisis and hold to it, then the European Community is worth nothing. I would say it as strongly as that."

He had talks yesterday with representatives of the oil industry, and is to present a report on the energy situation to the West German Parliament on Thursday. In between he will be in Paris, where the energy crisis will be a major theme of his talks with President Pompidou.

He also said the effects of the oil restrictions would be more serious in West Germany than was foreseen even two weeks ago. He mentioned in particular the danger to jobs, and said the Government would concentrate on ways to maintain employment.

West Germans have presented a largely disciplined front in respecting to-day's driving ban, due to be imposed again for the next three Sundays, as well as speed restrictions which came into force yesterday. Those who drive without special permission are liable to fines of up to DM150,000.

Motorists respond to plea for restraint

Financial Times Reporter

BRITISH MOTORISTS generally responded to the Government's plea for restraint yesterday. Police and motoring organisations reported lighter traffic, with motorists reducing speeds to around the 50 mph voluntary limit.

Those who did venture out found many filling stations closed—one of the oil companies' contingency measures for conserving fuel.

The RAC commented: "Generally throughout the country there has been a tremendous response to the Government's plea to save petrol. In some areas of the North and Midlands, traffic is at least 35 per cent. down on a normal November Sunday."

● OSLO petrol stations were closed for the week-end, while in Stockholm, Texaco, one of Sweden's biggest filling station systems, imposed its own rationing by shutting garages on Sunday.

● In AUSTRIA, a 100 km (62 miles) per hour speed limit was imposed to last indefinitely. Further fuel conservation measures were promised but rationing was ruled out.

The Automobile Association's verdict was also: "Traffic is definitely lighter."

● IN NAIROBI, there are strong indications that what has come to be known as the "Mungai formula" for Afro-Arab co-operation will be taken up enthusiastically by the African states.

Dr. Mungai, Kenya's Foreign Minister, has urged Arab oil producers to sell their oil at concessionary rates in guaranteed quantities to Africa to help protect the economies of undeveloped states.

● POLAND has become the third East European country to announce restrictions on the use of oil products. The others were Romania and Bulgaria.

Companies still ignorant of oil-exemption rights

FINANCIAL TIMES REPORTER

INDUSTRY, which this week will feel more of the impact of the 10 per cent. cut in oil supplies, is urging the Government to give more information about exemption rights.

Oil companies have now had almost a week to adjust their delivery schedules and, as a result, many businesses will feel the first effects of the cuts this week. There is concern within the Confederation of British Industry, however, that the criteria for claiming exemptions from the cuts have not been detailed.

"A great many points of practical application of the allocations and appeal mechanism remain to be clarified," the CBI said yesterday.

The Government has issued a list of priority industries which can claim more than their 90 per cent., and basic conditions under which non-priority companies can also claim exemptions.

Industrial sources pointed out, however, that the degree to which extra supplies can be made available and the basis of production on which the decision might be taken had not yet been clarified.

The Department of Trade and Industry said yesterday that there were no immediate plans for publishing further guidelines.

The Government is expected to give a progress report on its oil supply measures in the Commons to-day.

Mr. Peter Walker, Secretary For Trade and Industry, is likely to speak during the second reading of the Fuel and Electricity Control Bill. It is expected he will tell MPs how industry and motorists initially responded to the 10 per cent. cut-back in supplies.

There are some people in the oil industry who believe that the criteria have been left deliberately vague. Fuel suppliers, for instance, may know whether certain companies have been stock-piling oil in recent weeks.

It is not, however, a responsibility that the oil industry will welcome. Apart from a great deal of additional work—some oil company staff it is understood have been seconded to DTI offices—the Government measures have imposed unwelcome work load—on to the oil industry.

Under the exemption procedures, oil companies have already started vetting applications from certain industries. These are being considered in conjunction with regional DTI offices.

Oil companies are more concerned about the extent of the cut-backs. They would have liked to have imposed bigger reductions in supplies—nearer 20 per cent.—and to have fewer priority industries in order to conserve stocks.

They have warned that even if the 10 per cent. reduction scheme was successful U.K. stocks of oil, which currently stand at 64 days, could be reduced to around 54 or 55 days by mid-December. This, they point out, is getting dangerously close to the 45-day supplies, always regarded as the minimum operational level.

Road hauliers urge Government to introduce rationing

FINANCIAL TIMES REPORTER

THE ROAD haulage industry has urged the Government to introduce fuel rationing as a means of keeping essential freight services operational.

Mr. John Wells, chairman of the Road Haulage Association, said at Blackpool, that the "parlous oil situation" was threatening hauliers from more than one direction.

According to information from members all over the country, fuel supplies were being curtailed, and in some cases ceasing altogether.

"Even more serious is the growing fuel shortage. If it becomes acute we shall not be able to carry all the traffic offered to us, at whatever the rate. We will be in the invidious position of having to decide what to carry. It will be difficult to co-operate with our customers and the Government in this situation."

● Another sector which is being increasingly hit by oil shortages in the farming industry. Many farms are reliant on independent oil companies — worst hit in the current situation — for their heating and fuel supplies.

The worst-hit counties appear to be Nottinghamshire, parts of Derbyshire, Worcestershire, Staffordshire and Cheshire.

Although many Midlands farmers believe that, with strict economies, they will be able to get by on 10 per cent. less oil, others are worried that distribution problems will create a much greater cut in supplies, according to Mr. Bob Wright, NFU Midland regional information officer.

Mr. Paul Bailey, Worcestershire NFU horticultural secretary, said: "Garages are obviously working to the blanket instruction earlier this week banning sales in cans, and have not been told that there is a dispensation for farmers and growers."

● Builders have been told that they will not have to cut mechanised site operations as a result of the Emergency Powers Petroleum Order.

The Federation of Master Builders has been informed by the Department of Trade and Industry that builders who can confirm that they are "industrial" users will be allowed to continue the practice of using cans for buying petrol as long as they do not stockpile.

● The effect of the oil emergency on merchant shipping fuel bunkering services will be discussed at a meeting of the North of England Shipowners' Association to-day.

Mr. Nicholas Dalgliesh, the chairman, said at the week-end that Government help would be needed to keep many vessels at sea after Christmas.

● To ease the petrol shortage, Government approval is being sought for a scheme to persuade over 20,000 commuters to leave their cars at home and travel to work on special train services.

Town councillors at Derby are seeking Government finance to launch the project which would mean the re-opening of several derelict railway stations to bring commuters to work in Derby's industrial complex.

● The Government is expected to give a progress report on its oil supply measures in the Commons to-day. Mr. Peter Walker, Secretary for Trade and Industry, is likely to speak during the second reading of the Fuel and Electricity Control Bill.

ENTERTAINMENT GUIDE

OPERA & BALLET

COVENT GARDEN. THE ROYAL OPERA Tonight at 7.30: Puccini's TOSCA. To-morrow at 7.30: last perf. Gluck's IPHIGENIE EN TAURIDE Wed. & Sat. at 7: Mozart's DON GIOVANNI. Seats available tomorrow. Wed & Sat. (240 1066 Seats), (240 1911 24-hr. Information Service).

COVENT GARDEN. THE ROYAL BALLET Thurs. & Fri. 7.30: THE SLEEPING BEAUTY.

COLISEUM. Sadler's Wells OPERA Tomorrow & Fri at 7.30: A MASKED BALL Wed. at 7.30: THE CORONATION OF POPPEA Thurs. at 7.30: DIE FLEDERMAUS Sat. at 7.30: THE DEVILS OF LOUDUN ". . . a brilliant company achievement." F.T. Seats 50p to £2.90. (01 836 3161)

SADLER'S WELLS THEATRE. Rosebery Avenue, E.C.1. (837 1672). Opens Tomorrow. Evgs. 7.30. Sats. 5 & 8.15. BALLET THEATRE CONTEMPORAIN Tomorrow & Wed. Stockhausen, Zyklus, Whisky-Coca, Hymnen. Seats avail.

SADLER'S WELLS THEATRE. Rosebery Avenue, EC1 (837 1672). Dec. 17 to Feb. 9. D'Oyly Carte in Gilbert & Sullivan. Booking Now Open.

THEATRES

ADELPHI. 836 7611. Evenings 7.30. Matinees Thurs. 3.0. Sat. 4.0. SALLY ANN HOWES PETER WYNGARDE RODGERS AND HAMMERSTEIN'S THE KING AND I "Roused the audience to noisy ecstacy." F.T. ". . . sheer bliss." D. Mir. "One of the two best musicals in Town." Guard.

ALBERY (New). 836 3878. Evngs. 8.0. Mats. Thurs. 3.0. Sats. 5.30 and 8.30. INGRID BERGMAN JOHN McCALLUM, BARBARA FERRIS, MICHAEL ALLINSON DOROTHY REYNOLDS THE CONSTANT WIFE By Somerset Maugham Dir. John Gielgud

ALDWYCH. 836 6404. RSC's 1973-74 London Season. THE ROMANS—Shakespeare's 4 Roman Plays. CORIOLANUS (Tonight and tomor. 7.30. Wed., Sat. 2.0. Dec. 5, 6): JULIUS CAESAR (Wed. 7.30. Dec. 7. 8m). ANTONY AND CLEOPATRA (Sat. 7.30. Dec. 12m. 15m): TITUS ANDRONICUS (Dec. 8. 12): Also LANDSCAPE with A SLIGHT ACHE—a winter double-bill (Thur. Fri. 7.30. Dec. 3, 4). NICOL WILLIAMSON'S MID-WINTER SPRING—his one-man show of modern music and poetry (Sun. 8.0. Dec. 9). RSC Also at The Place—see under P.

AMBASSADORS. 836 1171. Evgs. 8.0. Tues. 2.45. Sats. & Boxing Day 5 & 8. Agatha Christie's THE MOUSETRAP 22nd Year. World's Longest-ever Run!

APOLLO. 437 2663. Evenings 7.30. Thurs. and Sat. at 5.0 and 8.15. EDWARD WOODWARD JUDI DENCH and LEO McKERN in THE WOLF "Hilariously funny—not to be missed." FT. "Most glittering comedy." D. Mir. "Sheer delight." S. Tel. "Delightful." Ppl. Transfers to Queens Theatre Dec. 3.

CAMBRIDGE. 836 6056. Mon. to Thurs. 8.0. Fridays and Sats. 5.45 and 8.30. PATRICK CARGILL In London's new comedy smash hit TWO AND TWO MAKE SEX "A HILARIOUS ROMP" (People) Fridays only first house 50p to £1.50.

COCHRANE. W.C.1. 242 7040. TOAD OF TOAD HALL Opens Dec. 18 to Jan. 12. BOOK NOW.

COLISEUM. 836 3161. Xmas Season 19 Dec. to 12 Jan. Matinees only at 2 p.m. and two evg. perfs. Dec. 24, 26, 7.30. MAGGIE SMITH, DAVE ALLEN PETER PAN

COMEDY. 930 2578. Last 4 weeks. Evgs. 8.0. Mat. Th. 3.0. Sat. 5.15. 8.30. PAUL SCOFIELD in SAVAGES by CHRISTOPHER HAMPTON. "FAR AND AWAY BEST PLAY AND PERFORMANCE IN WEST END." F.T.

CRITERION. 930 3216. Mon. to Fri. 8. Sat. 5.30 and 8.40. Matinees Wed. 3. Richard BRIERS, Sheila HANCOCK Anna CALDER-MARSHALL, Michael ALDRIDGE, David BURKE, Bridget TURNER in Alan AYCKBOURN'S ABSURD PERSON SINGULAR "FUNNIEST COMEDY IN TOWN." E.S.

DRURY LANE. 836 8108. Evenings 7.30. Mats. Wed. and Sat. 2.30. ANNA NEAGLE ANNE ROGERS, THORA HIRD TONY BRITTON in NO, NO NANETTE LONDON'S HAPPIEST MUSICAL "It's Yes, Yes Nanette." Evg. News.

DUCHESS. 836 8243. Evenings 8.00. Sat. 5.30, 8.30. Matinee Wed. 2.45. Donald SINDEN Joan GREENWOOD in IN PRAISE OF LOVE Directed by John DEXTER "TERENCE RATTIGAN'S finest play. A wonderful achievement." Frank Marcus, Sunday Telegraph. "Most civilised evening's entertainment." Frank Marcus, Sunday Telegraph.

DUKE OF YORK'S. 836 5122. Evs. 8.15 Fri. and Sat. 5.45 and 8.30. LESLIE PHILLIPS in HIT COMEDY 4th YEAR IN LONDON THE MAN MOST LIKELY TO . . . "I WAS ROLLING ABOUT LAUGHING IN THE STALLS." Colin Reid. Daily Mail

FORTUNE. 836 2238. Evenings at 8.0. Sat. 5.30 & 8.30 (Th. 2.45. Red. prices) SLEUTH NOW IN ITS FOURTH YEAR "The Best Thriller Ever." N.Y. Times OWN GENERATOR

GARRICK. 836 4601. Evenings 8.00. Sat. 5.00 and 8.30. "I succumbed to ALASTAIR SIM'S masterly performance." Sunday Telegraph. "PATRICIA ROUTLEDGE is one of the funniest women on the stage." D. Mir. DANDY DICK "Is absolutely splendid — directed by JOHN CLEMENTS with a sure-handed delicacy." N.Y. Times.

GLOBE. 437 1592. 2ND YEAR. Evenings 8.15. Sats. 5.40 and 8.40. JILL BENNETT, JOHN STANDING in NOEL COWARD'S PRIVATE LIVES "Brilliantly funny." Times.

GREENWICH 858 7755 ALFRED MARKS MIRIAM KARLIN in ZORBA Evenings 8.0 (exc) Press Night tomorrow 7.0) Mat. Sat. 5.0

HAYMARKET. 930 9832. Evenings 8.00. Mat. Wed. 2.30. Sat. 5.00 and 8.15. PHYLLIS CALVERT, JOHN FRASER, ANDREW RAY in 2ND YEAR of CROWN MATRIMONIAL

HER MAJESTY'S. 930 6606. Evgs. 7.30. Mat. Wed. Sat. 2.30. Award winning Musical Comedy PIPPIN "Explosive and Spectacular." D. Mirror. "Exciting music." by the composer of Godspell. E.N. "Stunning." S. Tel.

LYRIC. 437 3686. Evenings 8.00. Mat. Wed. 3.00. Sat. at 5.30 and 8.30. From Dec. 15 Sats. at 5 and 8.30. ALEC GUINNESS in HABEAS CORPUS by ALAN BENNETT.

KINGS ROAD THEATRE. 352 7488. (ex Essoldo Cinema) Witty and erotic Mon. to Th. 9.0. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW

KINGS ROAD THEATRE. 352 2688. CAPTAIN PUGWASH Christmas Mats. Dec. 17-Jan. 12.

MAY FAIR. 629 3036-7. Evenings 8.0. Sat. 5.0 and 8.15 DAVID STOREY'S THE FARM Directed by LINDSAY ANDERSON "Supremely well done." S. Telegraph.

MAY FAIR. 493 2031. From Dec. 17. SOOTY'S CHRISTMAS SHOW Daily 10.30 a.m., 2 p.m., 4 p.m.

MERMAID. 248 7656. (Rest. 248 2835) Evgs. 8.30. Wed., Sat. 6.00, 8.30. AN INSPECTOR CALLS By J. B. PRIESTLEY "Exciting theatrical experience. Remarkable production." D. Tel. From Dec. 17 TREASURE ISLAND A MUSICAL ADVENTURE

NEW LONDON THEATRE. 405 0072. Parker Street. Drury Lane W.C.2. Evenings 8.0. Sat. 5.30 and 8.30. THE SMASH HIT ROCK 'N' ROLL MUSICAL GREASE "It is superb." Guardian. "High spirited and a lot of fun." D.Mir.

NEW VICTORIA. Opp. Vic. Stn. 834 0671 Twice nightly at 6.15 and 8.45. A FABULOUS NEW PRODUCTION BLACK AND WHITE MINSTREL SHOW OF 1973 Book now. 50p to £1.50. LONDON'S GREATEST ENTERTAINMENT VALUE Last 2 weeks. Positively ends Dec. 8.

OLD VIC. THE NATIONAL THEATRE. (928 7616) To'nt. & Tue. 7.30: EQUUS Wed. 7.30 Thur. 2.15 & 7.30: THE FRONT PAGE Fri. 7.30. Sat. 2.15 & 7.30: SATURDAY SUNDAY MONDAY MORNING

PALACE. 437 6834. Mon. to Thurs. 8.0. Fri. and Sat. 6.00 and 8.40. JESUS CHRIST SUPERSTAR

PALLADIUM. 437 7373. Tonight—Royal Variety Performance Opens Tuesday for 5 nights only Twice Daily at 6.15 and 8.45 ENGELBERT HUMPERDINCK Young Generation Rascal & Schaefer December 3 for 1 week only TOM JONES COMMENCING TUESDAY, December 18 FRANKIE HOWERD, DORA BRYAN ALFIE BASS MARK WYNTER in JACK AND THE BEANSTALK Elizabeth Larner, Leon Greene

PHOENIX. 836 8611. Evenings 8.0. Sat. 5.0, 8.30. Mat. Wed. 3.0. VANESSA REDGRAVE JEREMY BRETT JOHN STRIDE PETER BAYLISS DESIGN FOR LIVING by NOEL COWARD "Delightful comedy Thick with Laughs." Evening Standard.

PICCADILLY. 437 4506. Evgs. 7.30. Sats. 5 & 8.30. From Dec. 19 Mats. Weds. 3 ANGELA LANSBURY in GYPSY "SMASH MUSICAL." Daily Express.

PLACE. Dukes Road Euston. 387 0031 RSC in special new play season Tnt. & Tmr. 8.0 John Wiles's A LESSON IN BLOOD AND ROSES All seats £1 (plus 10p non-members) Season extended to Dec. 14

PRINCE OF WALES. 930 8681. THE DANNY LA RUE SHOW Previews Dec. 15, 18 at 8.0. Opens Wed. Dec. 19 at 7.0. Subs Mon. to Thurs. 8.0. Fri., Sat. 5.30, 8.45

QUEEN'S. 734 1166. From Dec. 3 Evgs. 7.30. Thurs. & Sat. 5.00, 8.15 EDWARD WOODWARD JUDI DENCH and LEO McKERN in THE WOLF

RAYMOND REVUE BAR THEATRE. 734 1593 7.30 and 10 p.m. PAUL RAYMOND'S SPECTACULAR GLAMOUR EXTRAVAGANZA THE GOLDEN GLITTER GIRLS REVUE

ROUNDHOUSE. 267 2564. Berkoff's London Theatre Group to Dec. 15 in repertoire. The Trial (To'nt., Tue., Wed., & Thur. 8) Agamemnon (opens Fri. at 7 Sat. 5 & 9).

ROYAL COURT. 730 1745. Evenings 7.30. Saturday's 5 and 8.30. D. H. LAWRENCE'S THE MERRY-GO-ROUND

ROYALTY. 405 8004. Mon., Tues., Thurs., Fri. 8.0. Wed., Sat. 6.15, 9. Adults only. OVER 1,000 PERFORMANCES OH! CALCUTTA! "AMAZING AND AMUSING." D. Exp. "THE NUDITY IS STUNNING." D. Tel. "BREATHTAKINGLY BEAUTIFUL." S.T.

SAVOY. 836 8888. Ev. 8. Sats. 5 and 8. W. 2.30. John Mills "Touching & Funny." Ev. Std. Dulcie Gray "Delightful." D. Tel. Michael Denison "Deliciously funny." E.N. in William Douglas Home's new comedy AT THE END OF THE DAY "Ingenious and very funny." Punch.

SHAW THEATRE. 388 1394. Dolphin Theatre Company presents MACBETH Evgs. 7.30. Mat. Tu. and Th. 2.30. LARRY THE LAMB XMAS BOOK NOW

STRAND. 836 2660. Evenings 8.00. Sats. 5.30, 8.30. Mat. Th. 3.0. Jean Kent Liza Godard, Richard Caldicot David Jason in NO SEX PLEASE, WE'RE BRITISH Directed by Allen Davis. "HYSTERICALLY FUNNY." Sun. Times

STRATFORD-UPON-AVON. Royal Shakespeare Theatre. A few seats available now. As You Like It Mats. Dec. 5, 8, 13. Eve. Dec. 13 Love's Labour's Lost Eve. Dec. 12 Taming of the Shrew Mts. Nov. 29, Dec. 6. Eves. Nov. 26, 29. Dec. 6 Party bookings can be arranged. Write Box Office or 'phone S-Avon (0789) 2271

ST. MARTIN'S. 836 1443. Evs. 8. Wed. 2.45. Sat. 5 and 8 2nd YEAR. ANDREW CRUICKSHANK JACK WATLING William Douglas-Home's Comedy LLOYD GEORGE KNEW MY FATHER "One of the wittiest and most enjoyable plays in London." H. Hobson. S. Times

TALK OF THE TOWN. 01-734 5051. From 8.15 Dining and Dancing at 9.30 New Revue DREAM MACHINE At 11 p.m. PETER GORDENO.

VAUDEVILLE. 836 9988. Evenings 8.0. Sat. 5.30 and 8.30. "KENNETH MORE is always A DELIGHT." E. Standard. in SIGNS OF THE TIMES "Bubbling Comedy . . . witty and perceptive." D. Mir. "Great fun." People.

VICTORIA PALACE. 834 1317. Twice nightly at 6.15 and 8.45. CARRY ON LONDON SIDNEY JAMES, BARBARA WINDSOR, KENNETH CONNOR, BERNARD BRESSLAW, JACK DOUGLAS, PETER BUTTERWORTH. Book now. "The fun is practically gilt-edged." Sunday Times.

WESTMINSTER. 834 0283. From Dec 6 at 7.0. Subs. Mon. to Sat. at 2.30. Fri. 7.30. Sat. 6.30. 10th GALA SEASON GIVE A DOG A BONE Enchanting Family Pantomime.

WHITEHALL. 930 6692-7765. 5th Year. Evs. 8.30. Wed. and Sat. 6.15 and 8.45 MEN ONLY Magazine's Famous Reporter FIONA RICHMOND in PAUL RAYMOND'S PYJAMA TOPS

WYNDHAM'S. 836 3028. Mon. to Thur. at 8.15. Fri. and Sat. 6.15 and 9.00 GODSPELL "IS MAGNIFICENT." Sunday Times.

YOUNG VIC (by Old Vic.) 928 6363. Tnt. 8. MUCH ADO ABOUT NOTHING.

CINEMAS

ABC 1. Shaftesbury Ave. 01-836 8861. DAY FOR NIGHT (AA). (French film English sub-titles). Sep. Progs. Wk. & Sun. 2.00 5.40. 8.35. ALL SEATS BKBLE.

ABC 2. Shaftesbury Ave. 01-836 8861. LADY SINGS THE BLUES (X). Sep. Perfs. Wk. & Sun. 2.00. 5.40. 8.35 ALL SEATS BKBLE. (Last 3 days).

ASTORIA. Charing Cross Rd. (580 9562) Jiro Tamiya. Robert Hardy. Carolyn Seymour. YELLOW DOG (X). Cont. Progs. Wk. & Sun. 3.00. 5.30. 8.00. Feature 3.40. 6.15. 8.45.

COLUMBIA. (734 5414.) THE ADVENTURES OF BARRY McKENZIE (X). Cont. Progs. 1.40 3.55. 6.10. 8.30.

CURZON. Curzon Street. W.1 499 3737. Alexandro Jodorowsky's EL TOPO (X) at 1.35. 3.50. 6.10. 8.35.

DOMINION. Tottenham Court Road. 580 9562. Audrey Hepburn. Rex Harrison MY FAIR LADY (U). 70mm Sep. progs. Week and Sunday 2.30. 7.30.

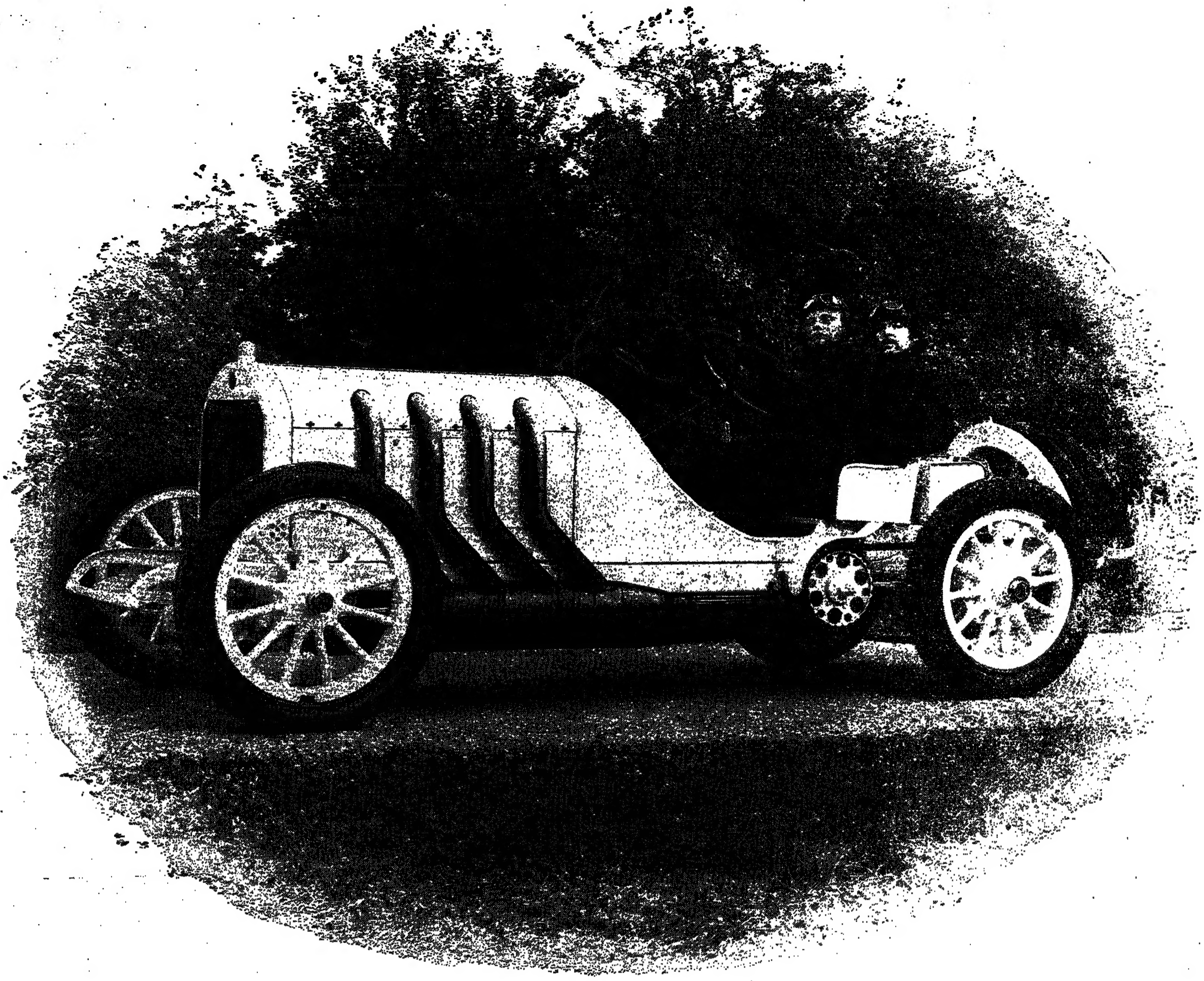
EMPIRE. Leicester Sq. 437 1234. PAINT YOUR WAGON (A) Progs. 2.30 7.45 Sep. Perfs. All seats bookable.

EMPIRE TWO. Leicester Square. MISTRESS PAMELA (X). Progs. 2.15. 3.55. 6.15. 8.35. Late show Fri. & Sat. 11.15.

LEICESTER SQUARE THEATRE. 930 5252. Julie Christie. Donald Sutherland. DON'T LOOK NOW (X). Cont. Progs. 1.20. 3.30. 5.50 8.25. Feature 1.25, 3.55. 6.30. 9.05.

ODEON. Haymarket. (930 2738/2771) Oliver Reed. John McEnery. Claudia Cardinale. FURY (AA) Cont. Progs. 2.35 5.30. 8.10. Feature 3.30. 6.05. 8.45.

CINEMAS ARE CONTINUED ON PAGE 4



It went like a bomb, but it was hell to keep on the road.

It's a point that's often forgotten these days, but there's nothing very new about speed.

The first cars were doing the ton barely ten years after Victoria's Diamond Jubilee.

The famous 'Lightning Benz' which held the world land speed record for fifteen years, clocked up 127 mph at Brooklands as early as 1909. And, two years later at Daytona, raised it to 141 mph.

There were snags, of course.

Stopping wasn't easy. On the 150 hp Benz in our picture, for instance, you had cable brakes. On the rear wheels only.

You needed all your strength just to push down the clutch pedal. On corners, you were likely to lose your co-driver.

As someone exclaimed to a well-known racing driver of the day: '120 mph and cable brakes only–how on earth can you do it?'

'Look,' came the reply, 'we make these cars for going, not for stopping!'

The story's worth re-telling, for there's another point which–though obvious–is also forgotten these days.

Over the years, the job hasn't so much been to make cars faster. It's been to make them safer.

For our part in this, we can only refer you to the record.

Mercedes-Benz introduced all-round independent suspension in 1931. Double acting shock absorbers as standard equipment in 1937. Anti-burst door locks in 1948.

We patented the first safety car body in the world as long ago as 1951. Made the steering shock absorber standard in 1952, front discs in 1962. And so on, until today.

Mercedes-Benz concern with safety is no recent development, conjured up in response to public demand. Our cars have been built safer and safer for more than forty years.

This is why–perhaps more than in any other car–you always get that extraordinary feeling of security in a Mercedes, without ever feeling bored.

You know you're better off should an accident occur. And when it's safe to drive fast, you know it's safer to drive fast.

Mercedes-Benz

The Mercedes-Benz range includes Saloons, Sports Saloons, Coupés and Limousines. Prices from £3,689 to £17,950.
Mercedes-Benz (Great Britain) Ltd., Great West Road, Brentford, Middlesex TW8 9AH. Telephone 01-560 2151. A member of the Thomas Tilling Group.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Ariel to probe magnetic storms

BRITAIN'S Ariel IV satellite, which has been in orbit since 1971, has been reactivated in support of a series of five Skylark research rockets currently being launched from Norway's Andoya rocket range as part of a campaign to examine certain aspects of magnetic storms associated with the Northern Lights. Both Ariel IV and the Skylark rocket are products of British Aircraft Corporation.

Ariel IV was launched in 1971 with a design life of one year. Its scientific mission was completed in March, 1973, after over 7,200 orbits in space. After a short technological exercise to check thermal conditions in the satellite as an aid to future satellite design, the telemetry transmitter was then switched off. It was reactivated in early October so that measurements of the influx of charged particles into the Arctic zone obtained by the Skylark rockets could be correlated with similar data from Ariel IV at the higher altitudes.

This data is acquired by the Norwegian ground station at Tromso and then sent to the Science Research Council Appleton Laboratory at Slough for analysis. When compared with data gathered from the Skylarks this should prove of great value in understanding why magnetic storms are responsible for the occasional disruption of radio communications and (in extreme conditions) of electricity distribution.

Ariel IV will remain in operation until the end of the rocket campaign in mid-December and each day its behaviour will be monitored on a one-pass-per-day basis by the Winkfield tracking station operated by the Science Research Council on behalf of NASA. Five on-board scentific experiments are still functioning.

● PROCESSES

Control of container making

ENGINEERS and technicians at Rockware's Knottingley factory, largest in the Rockware group of companies, have co-operated with Emhart (U.K.), a subsidiary company of the Emhart Corporation of America, to design a world first—an electronic timing control for glass container forming machinery.

An electronic control console operates through sophisticated timing mechanisms which co-ordinate the delivery of molten glass from the furnace with the sequence of movements of the glass forming machine. Programming of the control is done by simply pressing buttons, allowing rapid change over from production of one bottle to another.

Leading glass container manufacturers from Europe and many countries including the U.S. and from as far as the Philippines have seen the equipment in operation at Rockware's Knottingley factory and been impressed by its benefits.

The Yorskhire factory has the prototype installed and will receive the first two production models early next year as part of the Rockware Group's £14m. development programme. Under the terms of the development agreement with Emhart, Rockware enjoys a lead time in use of the equipment.

Effluent made less toxic

WATER Pollution Research Laboratory is developing a modified treatment process for sewage plants which could reduce by about half its present amount the nitrate content in effluent discharged into rivers.

The experimental process, for which full-scale sewage treatment plant is being used, involves the retention of settled sewage and recycled liquor under virtually airless conditions. This allows denitrification to occur before proceeding with normal aeration treatment. Additional tank capacity may not be required.

Several methods have been proposed in the past for removing or reducing the concentration of nitrate present in effluents. Some of these methods involve modifications in the construction or operation of existing treatment plants; others are based on additional treatment requiring a supplementary carbon source.

The WPRL modified process is being developed in an effort to reduce, where necessary, the nitrate content in rivers from which water undertakers derive raw water supplies. The experimental work is being sponsored jointly by the Department of the Environment's Directorate General of Water Engineering; the Lee Conservancy Catchment Board; the Middle Lee Regional Drainage Scheme; and the Metropolitan Water Board. The plant is being run by MLRDS; and analytical work is being done by the WPRL.

Separates oil from effluent

AN IMPROVED system for separating oil from washwater, claimed to be substantially less expensive than previous designs and maintenance free, has been introduced by William Boulton, Stoke-on-Trent. Two units being installed at a Redditch (Worcestershire) factory are designed to deal with 28,000 gallons an hour with a contamination of 400 ppm and a discharge of fewer than 4 ppm.

A similar system at British Aluminium, Neath, comprising four units treating 50,000 gallons an hour with a contamination of 2,000 ppm is designed to reduce contamination to 10 ppm—below the level demanded by Glamorgan River Authority—and has been discharging 4-8 ppm.

A package deal is offered by the company including civil engineering and connection to existing drains.

● ELECTRONICS

Cheap chip with a memory

THE LATEST development in the calculator saga, and one of some interest, is the announcement by Texas Instruments of an eight digit integrated circuit chip complete with what is described as "full capability memory" to be sold at "the same price as existing simple four-function calculator chips."

Small quantities are available through the usual Texas distributors, with larger quantities on ten weeks delivery from Bedford. The TMSO132 is in a 28-pin dual-in-line plastic package and is priced at £10 for quantities between 100 and 299.

The TMS 0132 memory has the capability of full participation in the arithmetic operations of the calculator. In addition to the customary standard features: floating decimal point, constant and chain operation, overflow protection, leading zero suppression, etc.

There are two modes of memory entry: accumulative, in which each depression of the "equals" key causes the result to be added to the memory; and "add-to-memory" in which a key adds the contents of the display to the memory. The use of a "total" key recalls the memory contents which may be used as an operator in any of the calculator's arithmetic functions.

Big range of moulded reed relays

REED RELAYS of many types are being manufactured and sold by Astrulux Dynamics, Red Barn Road, Brightlingsea, Colchester, C07 OSW.

The 170 and 180 series include models available with single or double pole normally open contacts, magnetically biased single pole normally closed, and single or double pole changeover contacts. Available also is a single pole normally open high voltage model capable of switching 500 volts dc.

All the models are available with 5, 12 or 24 volt operating coils designed to keep the levels of drive power required to a minimum. Internal diodes for the protection of drive circuits, and magnetic screening, are available throughout the range, which is designed for PCB mounting with a choice of 0.15 or 0.1 inch centres.

● COMPUTERS

Make your own mini

MICROCOMPUTER table-top kits of parts designed to make it easier for manufacturers to develop their own OEM systems have been introduced by Intel and are available in the U.K. from Walmore Electronics of 11, Betterton Street, Drury Lane, London WC2H 9BS.

The system is called Intellec 8 and is based upon Intel's single chip processing unit, the C8008-1.

In its simplest form the kit consists of a cabinet housing the central processing module, display and control panel, drive circuits, input/output control, power supplies and up to 16k 8-bit bytes of semiconductor memory which can be any mix of read only, programmable read-only, and random access.

These cores made entirely from CO_2 hardened sand are to be used by RKB Precision Products, of New Road, Sandy, Bedfordshire, in production of non-ferrous precision sand castings for such diverse products as cameras for reconnaissance aircraft and computer print-out equipment. Matching traditional methods and techniques it has developed itself, RKB produces sample castings of great complexity from customers' rough or preferably finished drawings and then by pattern modification can keep up with a designer's second or third thoughts until a final production run is authorised. The company specialises in castings requiring high standards of accuracy and surface finish, and in consequence has computer, electronic and optical instrument, aerospace and special purpose equipment manufacturers as principal customers.

● PLASTICS

Improved resistance to acids

HARVIGLAS, of Hyde, Cheshire, has increased production facilities for reinforced plastic acid-tanks in line with growing demand from lead/acid battery manufacturers and chemical producers.

The tanks, moulded from Filabond bis-phenol polyester resin developed by Synthetic Resins, of Edwards Lane, Speke, Liverpool, are being increasingly requested as alternatives to conventional ceramic, rubber-lined steel or lead-lined wooden products.

Harviglas has produced tanks in capacities from one cubic foot for laboratory work to 6,000 gallons (measuring 15 feet high x 10 feet diameter). for acid storage.

Excellent wetting-out features of the resin speed moulding and the elimination of air bubbles. The resultant laminates have high chemical resistance.

A good cure can be effected at ambient temperature but post-curing at elevated temperatures is recommended for optimum chemical resistant properties.

Design code for grp vessels

THE MOST advanced design and construction code in the world for the manufacture of glass-fibre reinforced plastics (grp) vessels and tanks has been published by the British Standards Institution as BS 4994.

GRP tanks are made in a range of sizes up to storages so large that they have to be manufactured in sections or entirely on site. Grp constructions are also being increasingly used for pressure and vacuum services where operating conditions are particularly severe, for example, chemical process plant.

The standard contains a novel design method ideally suited to laminate construction, to ensure that the loads on parts of the vessel do not exceed the design strength of the material. This is arrived at by taking into account all relevant factors, including properties of the material of construction and the fabrication techniques employed. Design for the incorporation of additional laminate at local regions of high load is facilitated by this method.

The standard deals with materials using epoxide or polyester resins with hand or machine lay-up techniques, other than filament winding. The latter method of manufacture will be included when design procedures for strongly directional reinforcement have reached a sufficient stage of development for standardisation.

Vessels for use with hazardous substances or with pressure differentials are normally subject to independent inspection and the necessary stages of inspection during manufacture are laid down in the standard. Provision is made for the proving of pressure vessel designs by testing of a prototype or by demonstration of previous successful construction.

The standard provides for the inspection of chemically-resistant linings, either of a more suitable resin than that used in the general construction or of thermoplastics, such as pvc.

The committee responsible for this British Standard has expressed the hope that it will attain a similar status to that enjoyed by BS 1515 for steel pressure vessels. A similar "Code Case" procedure to that used for metallic pressure vessels will be available to assist in interpretation and to speed the incorporation of new techniques and developments into the standard. Price, including postage, £4.60 from BSI Sales Department, 101, Pentonville Road, London N1 9ND.

Better bond in grp products

ARMOSPHERES, the light-weight filler for polymers recently introduced by Jacobson van den Berg and Co. (U.K.), is now being Silane-coated for increased bonding strength in grp products.

Armospheres are hollow spheres of complex inorganic silicate in glassy form. The spheres vary in size from 10 to 250 microns and the wall thickness is roughly constant at 10 per cent. of diameter. Their main advantage is when used as fillers for most types of synthetic resins. The resulting mastic is lighter, more rigid and cheaper than those produced by more conventional materials.

They have many uses in the construction industry. They can, for example, be used to make a sandwich between two polyester glass fibre laminates which is light but extremely rigid and has a high fire rating. Or when mixed with concrete they produce a lightweight product that can withstand temperatures up to 1500°C and form concrete slabs that float on water. Armospheres are also used extensively in the production of steel. They can be floated on top of inflammable liquids to act as a fire barrier. Used in this way in chemical processes they reduce heat loss, fumes and evaporation.

Other applications include paint manufacture—they add body to enable rough surfaces to be covered in one coat—fireproofing bulkheads on ships, aircraft and commercial vehicles; a new ingredient for the production of building bricks with good insulation properties and to produce long-lasting linings for chimneys and boilers. They can also be used to reinforce rubber for gaskets, etc.

Full information from Jacobson van den Berg and Co. (U.K.), Jacoberg House, 231, The Vale, London W3 7RN.

● INSTRUMENTS

Standard alloy disc supplies

USERS OF modern spectrometers in laboratories and elsewhere often find it difficult to obtain calibration standards for metals and alloys covering a wide type spectrum. Typical are users of X-ray excitation instruments, where the standards take the form of a small flat disc. Often a hunt around several manufacturers that happen to have stocks of specific standards, developed for their own specific purposes, is necessary.

To overcome the difficulty a new service in the form of a catalogue and physical stocking of discs has been started by Moore Boundy Hamill of Station House, Darkes Lane, Potters Bar, Herts.

The catalogue listing is divided into sections defined by the main element of the alloy—iron, copper, zinc, aluminium, or cobalt for example, and the discs are sold outright.

Cleans up pH probes

ACCURACY of acidity/alkalinity measurements in industrial processes can begin to drop off if the pH electrodes of the measuring system become coated, possibly leading to loss of control of the process. Often an electrode has to be removed, cleaned and replaced regularly if it is to perform acceptably.

Now, Electronic Instruments of Chertsey has devised a method for use with its 2868 dip-type electrode system by which cleaning takes place at specified intervals, in-situ.

A pneumatically powered mechanism is used to wipe the membrane of the glass electrode. This is controlled by a remote electric timer which can be programmed to provide the optimum wiping sequence for individual applications and can control up to three cleaning systems. Apart from occasional wiper changes, the system is essentially maintenance-free.

Leaky cable meetings

THE UNIVERSITY of Surrey, which collaborated closely with the National Coal Board in connection with the NCB's leaky coaxial cable mines communication system recently described on these pages, is to hold an international conference on the subject on April 9 next year.

The proceedings will be confined to two-way mobile communications systems using HF, VHF or UHF techniques where coupling is mainly via the leakage fields associated with coaxial or 2-wire open pair transmission lines.

Just before this (April 1 to 5), there will be a conference on radio communication in mines, roads and tunnels organised by Iniex, Liege, Belgium. The Belgian organisation is at Rue de Chera, B-4000, Liege.

Inquiries about the U.K. meeting, which is being sponsored by the University, the NCB, British Rail, the IEE and the IERE should be sent to Miss A. Perkins, University of Surrey, Guildford, GU2 5HX.

● MACHINE TOOLS

Inspecting cylinders at Ford's

A SIGMA automatic transfer line inspection machine for gauging cylinder head valve guide bores has been supplied to Ford-Werke, Cologne by Herbert Controls and Instruments of Spring Road, Letchworth. The machine is custom-designed for incorporation in the manufacturing line for V6 engine cylinder heads and enables more than 160 units per hour to be inspected.

Automatically the unit checks the valve guide bores for diameter at top and bottom and for straightness, utilising an electro-pneumatic system for inspection and display. The open-jet high pressure gauging mandrels are situated at each of two gauging stations, the first station for checking the inlet guide bores, the second the outlet guide bores. Individual "plus" and "minus" display lights are provided for all dimensions on the display panel.

At the final classification station acceptable cylinder heads are stamped and passed into the manufacturing line. Reject components are fed to a separate bay. Five successive reject components cause an automatic warning light to flash. A system of interlock switches is provided to indicate any malfunction of the machine via an illuminated warning light. As an additional check on machine performance a monitor unit with output socket allows a chart record of actual machine operation to be taken periodically for comparison against a master.

Herbert Controls and Instruments is the largest European manufacturer of custom-built comparative gauging equipment.

● MATERIALS

Recording heads last longer

COATING PROCESSES which considerably extend the life of magnetic recording heads have been introduced into the volume manufacture of industry-compatible digital tape heads, cassette heads, magnetic ledger card heads and other custom built heads produced by Data Recording Instrument Company.

In order to combat the abrasive action of the movement of magnetic tape, which can limit the life of a conventional head to between 1,000 and 2,000 hours before refurbishing, DRI's head division has adopted a production technique allowing a metallic carbide coating to be deposited on the surface of heads which have been profiled accordingly.

The useful head life is increased by a factor of between five and 10 times depending on the type of system usage, the company says, pointing out that any increase in wear resistance which can be obtained economically will benefit the user, both by minimising computer down time and by reducing the money he would expect to spend on maintenance and replacement heads.

Metallic carbide hard-coating is being offered by DRI as an optional feature on a range of seven-and nine-track digital heads, magnetic ledger card heads, quarter-inch and compact cassette heads and heads built to customer requirements for use in rugged applications.

DRI is at Hawthorne Road, Staines, Middlesex, TW18 3BJ.

Building and Civil Engineering

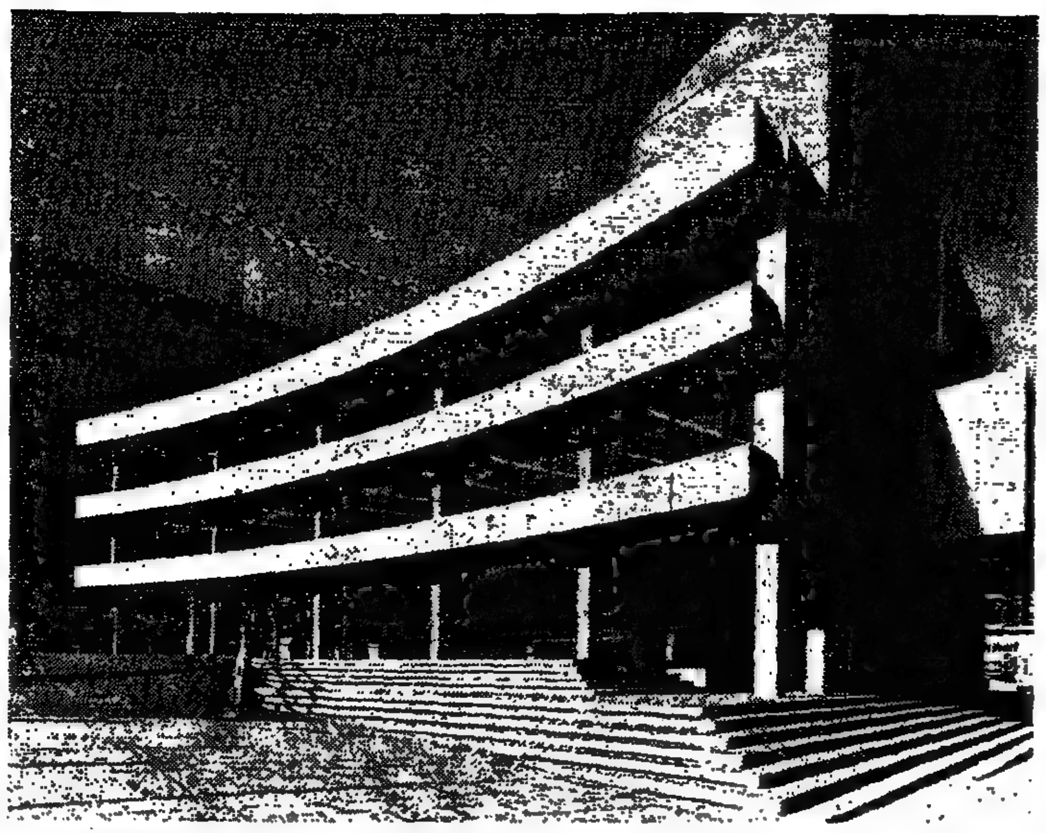
Fairclough work on Glasgow motorway

N £11.5M. contract for the completion of the M8 motorway as it asses through the centre of lasgow has been awarded to the Leonard Fairclough Group by the city corporation.

This second stage of the Renfrew motorway will close the final link in the M8 and when completed which should be in the autumn of 1976—will provide a through motorway route from the Edinburgh Road on the east of Glasgow to join the completed sections to the west of the city n route for Paisley, the City Airport and beyond.

Work on the 3.4 kms. section, for which the Adlington and the Scottish Civil Engineering Divisions of Leonard Fairclough are combining their resources, will begin on site in early January. Consulting engineers are W. A. Fairhurst and Partners of Glasgow.

The contract provides for dual three-lane carriageways to urban motorway standard from the end of Stage One of the Renfrew motorway at Helen Street, extending to the Cardonald Interchange with the Clyde Tunnel approaches, and dual four-lane carriageways continuing westwards to link with the M8 Renfrew By-pass immediately east of the existing Hillington Road Interchange.



Birmingham's new Central Libraries, designed by the John Madin Design Group in association with the City Architect and built under a £4.7m. contract by Sir Robert McAlpine and Sons, is believed to be the largest non-national public library in Europe. Providing 214,500 square feet of space, the library is the principal building in Paradise Circus, a comprehensive development on an island site in the centre of a major traffic junction in the city which also includes the recently opened School of Music.

Cementation wins shipyard work

£1.5m. contract for the phase ne redevelopment of the Deptford Yard of Sunderland Shipbuilders at Sunderland, Co. Durham, has been awarded to Cementation Construction.

The work comprises the preparation of the site, construction of roads, drainage and service diversions, and the construction of a new substation so that shipbuilding activities can continue without interruption while a block assembly hall and other facilities are constructed.

Halcrow for Sri Lanka project

N AGREEMENT has been signed between the Ceylon Electricity Board and Sir William Halcrow and Partners, consulting engineers, in association with Kennedy and Donkin, to provide consultancy services for the Bowatenna Power Project in Sri Lanka.

The U.K. consultants will assist and advise the Ceylon Electricity Board and the Engineering Studies Organisation of the Mahaweli Development Board in implementing the scheme, which includes the construction of a 40 MW power station in the Mahaweli Ganga basin, over a period of about three and a-half years.

The foreign exchange cost of the project, amounting to about $US8m. out of an estimated total cost of $U.S.17m. is to be financed by the Asian Development bank. This is the first power project in Sri Lanka for which the bank has made a loan.

The consulting services contract was awarded following submission of proposals by Canadian, Japanese, Indian and other U.K. firms.

Cubitts to build city offices

A £1.3m. contract for an office development at 5-11 Fetter Lane, London EC4, has been negotiated between Holland, Hannen & Cubitts (Southern) and Consolidated Securities, a wholly-owned subsidiary of London and County Securities.

The scheme is a seven storey office block with basement restaurant, a sub-basement car park and plant rooms. Externally, the building—which will occupy a 46m frontage along Fetter Lane and will provide 3,800 square metres of air-conditioned office accommodation — will present an unusual design, having a 1.3 metre cantilever at second floor level with the floors setting back from the fifth floor rearwards.

Completion of the project, to be set back from the existing building line for future road widening purposes, is scheduled for December, 1975.

Computer-aided building

THE GREATEST challenge and promise for the future of computer-aided building lie in the development of integrated systems, with the biggest obstacle development costs.

This is the main conclusion of a study of current trends in the field carried out jointly by Applied Research of Cambridge and Systems Programming in conjunction with the Department of Trade and Industry Computer-aided Design Centre.

The present state of the art, the report (price: £1.50) says, is such that only certain types of building are suitable for integrated systems—single-function buildings such as hospitals, repetitive buildings such as houses, and buildings erected from kits of parts such as schools.

In the longer term, however, "it may be expected that generalised integrated systems for the whole industry will be produced from the expertise acquired in the development of tailor-made systems."

The report makes the point that the extensive benefits possible from integrated systems will only accrue in organisations where the traditional professional boundaries are less acute —local authorities, central Government and design-and-build contractors who maintain a large on-going building programme enabling them to cover development costs.

Two criticisms put forward of this approach were, first, the claim that the small builder can put up houses (for example) more cheaply because of his lower overheads; and, secondly, the desire of most clients for a "one-off" building rather than one "off the peg."

"But where an organisation is its own client and has a large on-going programme, the problems are fewer, though still daunting," the report adds.

In general, the growth of computer-aided building—for which there is evidence of "a healthy interest and awareness" —will depend on three main factors: the willingness of management in all sectors of the industry to seize the opportunities and make use of the available expertise; the ability of the professions to realise that great change is underway and to adapt their attitudes to that change; and the co-ordination of sponsored research and development.

Anticipated developments in software applications are expected to have considerable impact on computer-aided systems. They include appraisal packages for the study of design decisions at an early stage and building science models to increase understanding of the environment of buildings, which will, in turn, lead to design of mechanical services systems, models of the whole financial costs of projects and integration of existing applications into packages.

Stainless steel bar

IMI ALLOY Steel, a subsidiary of Imperial Metal Industries, has produced a stainless steel deformed bar designed to overcome reinforcement corrosion which spalls concrete and can cause failure of structural elements.

The steel—which may also be used for high strength jointing and as fixing details—is known as Xstable 60+ and is being made initially in 12, 16 and 20mm diameter sizes, although further dimensions will be available in due course.

Produced at the Somercotes, Derbyshire, works of IMI Alloy Steels, the bar will be in full production early next year, ready to meet an estimated demand by the U.K. construction industry of more than 1,000 tons a year. It is also being made available in the other EEC countries.

Full details are obtainable from IMI Alloy Steels, Stainless Steel Division, Garnham Works, Somercotes, Derby, DE 4NL.

Dutch look at concrete testing

THE DUTCH Betonvereniging Secretariat, the equivalent of The Concrete Society in Britain, has set up a working party to consider the introduction into Holland of a reference testing service for the checking of concrete testing machines on the lines of the service which the Cement and Concrete Association has been providing in the U.K. for some years.

Since concrete testing machines, while meeting British Standards requirements for load scale accuracy can still have faults leading to seriously misleading results the C and CA set up a reference testing service in 1969 by which individual machines in laboratories throughout the country can be checked against its own precisely maintained and calibrated reference machine.

Representatives from Holland have visited the C and CA's Research and Development Station at Wexham Springs to see the way the service is organised. As a result, to indicate the likely need for such a service in Holland, 17 Dutch testing machines were checked against the C and CA's reference machine.

U.K. to aid Sydney gas conversion

WILLIAM PRESS AND SON has been appointed to provide conversion expertise to the Australian Gas Light Company for the conversion of the Sydney metropolitan region to natural gas.

The company will provide technical consultation to the Australian team which will undertake the work over the next five years.

Press has been responsible for a large proportion of the natural gas conversion programme in the U.K. and among current contracts is working in the Central London area. The Sydney operation will be handled through the office of its wholly-owned subsidiary, William Press and Son (Pty), which has moved its headquarters from Melbourne to Sydney.

Clay for sanitary ware

A CHINA clay especially developed for use by the vitreous sanitary ware industry has been introduced by English China Clays of Cornwall.

The new clay, NSC, is a controlled blend of Cornish china clays and has more consistent rheological properties to simplify control of casting slips and to reduce production losses.

NSC was developed following English China Clays' detailed studies of the effects of varying casting concentrations of china clay on the performance of industrial slips.

The high casting concentration of NSC involves a reduced water requirement of the slip which, it is claimed, gives reduced drying costs, lower water content in the cast and less mould wear.

Window for the wind

THE "WINDJAMMER" is the latest addition to Southerns-Evans "Sasco" range of windows, a low-cost high-performance window which, it is believed, will greatly extend the use of this type of pivoted frame.

The window is particularly designed for flats, and buildings close to the sea or on elevated sites, and can withstand gusts of up to 70 m.p.h.

Full details are available from Southerns-Evans at Bold, Widnes WA8 0UJ, Lancs.

Cleaning Hong Kong tunnel

HONG KONG'S recently completed cross harbour tunnel, which carries the bulk of the traffic between Kowloon and Hong Kong, will be kept clean by a special mobile unit manufactured by General Descaling Company of Worksop, Notts.

Walls and roof of the tunnel will be cleaned by a vehicle-mounted unit which is self-contained with a 1,250 gallon capacity tank; water jets through spray heads from a rear-mounted tube frame, controlled from the cab. When washing with water, the unit travels at 20-25 mph, thus not restricting the normal traffic flow.

Biffa opens four new depots

AS PART of a plan to set up a nation-wide industrial waste disposal service, Richard Biffa, part of the British Electric Traction Group, has opened four new depots and taken control of four established ones.

The four new depots are at South Croydon, Leighton Buzzard, Swansea and Pontypool. In addition, Biffa — which operated only within a 30 miles radius of High Wycombe before joining BET in 1971—has taken over responsibility for all waste disposal services previously controlled by Barrmil, an associate company; the former Barrmil depots are in Birmingham, Leeds, Lancaster and Stockton-on-Tees.

All Biffa services will be linked to the specialist treatment facilities available through Re-Chem International which, under phase one of a multi-million pound development programme, will shortly be opening the first of five U.K. waste treatment centres.

Full details of Biffa's services are available from the company at: London Road, Loudwater, High Wycombe, Bucks.

Flexible pvc plant

THE Sheet and Film Division of British Industrial Plastics (Turner and Newall) has revealed plans for its Brantham Works, near Manningtree, Essex, which include the provision of a new flexible pvc calender line at a cost of nearly £1m.

This equipment, of British manufacture, will be installed during the first half of 1975, and will make a range of flexible pvc sheeting for markets such as the car industry, stationery products, medical and child care accessories, and packaging.

In brief

SIMON-CARVES reports that its Sim-Chem division has won a £2.65m. contract from Shahpur Chemical Company of Iran to design and supply a sulphuric acid plant.

Simon-Carves is a subsidiary of Simon Engineering.

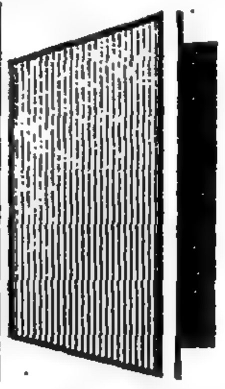
ERECTION HAS begun of a Post Office radio tower, designed by the Property Services Agency of the Department of the Environment and commended by the Royal Fine Arts Commission, on Tolsford Hill, near Folkestone.

WORK HAS started on a £400,000 contract awarded to John Laing Construction to build a new boating complex for Shepherds (Windermere) at Bowness Bay on the edge of Lake Windermere.

MANCHESTER Corporation's Waterworks Department has awarded a contract to United Filters and Engineering of Mitcham (a member of the Pollution Control Division of Babcock and Wilcox) valued at £345,000 for the supply and installation of a 10m. gallons per day automated pressure filtration plant.

THE BRITISH Gas Corporation has awarded a £250,000 pipelaying contract for natural gas in Glasgow to Norwest Construction, a member of the Norwest Holst group.

SHEPHERD CONSTRUCTION has been awarded by York Corporation a contract worth almost £800,000 for the building of a new swimming pool with separate diving pool on part of the site of the former cattle market bounded by Paragon Street, Barbican Road and Kent Street.



The Executive's World: The Office

EDITED BY JOHN TRAFFORD

For more pay and longer hours, apply abroad

by Pamela Readhead, in Paris

THE recent flood of British girls applying for £4,000 a year jobs in Luxembourg shows two things—the keenness of English girls to move into Europe and the fact that most are ill equipped to do so.

Perhaps standards in large international organisations are especially high. Certainly they tend to pay better and provide more fringe benefits than the local office or factory down the road in Brussels, Paris or Geneva.

But what of the less glamorous jobs? How do British rate in the eyes of their European equivalents? And what is it like to hop on the metro to Madeleine instead of Cannon Street?

The first time I met a short-hand typist who had worked in both London and Paris was on a plane last Christmas. Having offered me some port, cold plum pudding and Cheddar cheese, and accepted a large Scotch, she launched into eulogy on her easy life in her French company's London office.

"I am supposed to start work at 9.30 a.m.," she began, "but no one says a word if I walk in at ten.

"In Paris it was 8.30 a.m., on the dot, and a lot of trouble if I was late.

"In London we have coffee at 10.30 a.m. and a nice chat. Then we do a little work until 12 when we usually start tidying up before going out to lunch.

"In Paris we work hard until 1 p.m. and then we have one hour off. Then we work hard until we go home at 5.30 p.m. I often used to work later."

In London I usually take an hour and a half, especially if I go shopping. Then at three we have tea. After tea I work fairly hard until 5.15 p.m. when I start to do my hair before I go home."

At 19, *Marie Louise* had already decided that although she made less money in London, life was more fun.

Mark Ellidge

She vibrates with efficiency, switching languages effortlessly.

Best paid

A more ambitious girl, Dany, spent four years in Birmingham working first as a telephonist and then in the export departments *of several large companies.* Now after ten years of career planning she is among the best paid secretaries in Paris (she earns between £3,900 to £4,500 a year but is too shy to be more precise). She looks back on her Birmingham experience with much the same feelings as Marie-Louise.

"What I remember most," she said, "is how shocked I felt at first when the girls rushed home at night without finishing the letter they were typing."

Dany is now an executive secretary with a newly arrived British property company in Paris. Elegant, rather than dolly, she vibrates with efficiency, switching languages effortlessly. Her job is to co-ordinate a small but fast moving team of executives, but she also finds herself acting as telephonist and general factotum.

She liked working in England. "It was so relaxing," and although she found Birmingham secretaries rather unambitious, Dany thinks this might be because the companies where she worked were so large that it was difficult to take responsibility.

Now Dany has been joined in her office by a *27 year old* English girl called Hilary who has equally strong feelings about French offices.

Hilary first came to France to work for a year when she was reading French at London University. Since then she has worked in a number of offices including Pierre Cardin and a computer company.

"I think most French offices are unenlightened," she says. "Bosses treat their secretaries like chattels. Physical conditions? Well, chickens in a battery sums that up."

Hilary also thought the hours were tough. "I did a week once where we worked flat out from 8.30 a.m. to 6 p.m. with one hour off for lunch. The pay was good, but you have no freedom."

As assistant to one of the directors, Hilary now spends most of her time out of the office dealing with tenants and their problems. "You know, lifts and locksmiths and things," she said.

She is studying for her chartered surveyors exams through a postal course and one of the reasons she came to work in France was that in England she would find it difficult to do the same job without professional qualifications. "Things are less formalised here. *If* you are lucky, there are very good jobs going."

Helen turned down an offer of *£2,400* in Edinburgh to work in Paris with PA Management Consultants. She had already worked for the company in Scotland and quite simply had itchy feet.

At 20, she has already spent a year as an au pair with a French family, so her language problems have not been serious. Her job is to type management studies in English and to correct English correspondence. Almost everybody else in the office, including the consultants, is French.

Helen finds her French bosses more punctilious than back home in Edinburgh. "It's very strict," she told me, and remembers having to retype a letter because it finished two lines too far down the page. "And I'll never forget how cross they were when I left papers on my desk when I rushed home on the first day." On the other hand, the girls she works with are very friendly and her boss was very sympathetic when she was cheated by her first French landlord.

One of the things which amazes English girls is the reluctance of French girls to share flats. Helen eventually found a German girl willing to go halves, but all the other girls she has met either live with their parents or can afford to live in a studio of their own.

Her main problem is money, and is the reason she has now given in her notice at PA. The new job, at UNESCO, where Helen will work for a Russian consultant, will pay over Frs. 2,000 a month compared to the Frs. 1,600 she is already getting.

Helen likes the fact that French salaries are based on a 13 month year, and that holidays are generally 5-6 weeks, but she points out that her Frs. 6.50 luncheon vouchers will buy hardly anything in the area where she works, just by the Museum of Modern Art.

Exception

Although some French secretaries earn over £5,000, this is very much the exception, and they work very hard for their money. MSL Consultants, whose Paris office recruits top secretaries for major companies, *quotes a salary range of between* £180 to £220 a month (for 13 months), for secretary/shorthand typists, and from £300 to £350 for executive secretaries. The peak of peaks, I was told, *is £400 a month or £5,200 a year.*

"Secretaries of this calibre often have degrees, are generally over 40, are very chic and *work* very long and erratic hours," says MSL.

In short, the bread is there—and the honey—for the career minded. But the average secretary who feels like crossing the Channel should expect tighter discipline, more formality and longer hours in return for her higher pay. And with the pound at 10 francs, she will need to double her London salary to live at the same standard.

SECRETARIES

The shortage grows

BY ELINOR GOODMAN

THE shortage of permanent secretarial staff is now even more serious than in the summer when *the situation was described as* "the worst for eight years." The backlog of jobs unfilled in the summer means that the total shortfall of secretaries has risen another 15 per cent.

It also means that, with employers forced to take on more temporary workers, the profits of the big secretarial agencies are rising to record levels against a background of constant criticism of the service they offer.

Alfred Marks, for instance, now has over 9,000 jobs on its books for Central London against about 8,000 in May. And, this at traditionally the quietest time of the year with girls staying in their old jobs rather than risk missing the Christmas party.

Seasonal factors have made some impact on some of the more depressing figures quoted by the agencies. Now, for every girl registered on Alfred Marks' books each week only eight jobs are being registered. This compares with one girl for every 15 jobs in May, the height of the open season for changing jobs.

The narrowing of this gap has done nothing to help reduce the vacancies. Many City institutions, for example, have been looking for shorthand typists since the beginning of the year, and with the Government's counter-inflation measures meaning they cannot increase pay, there is little hope of filling the jobs.

Only on the temporary side *has the outlook become brighter.* The 7,500 shortfall of temporary staff in the London area this summer has now been cut to under 1,000. But this compares with a normal surplus of temporary *girls at this time of year* and demonstrates the greater demand on the temporary pool as a result of the shortage of permanent labour.

The reasons for the shortage are twofold: the expansion in the economy has meant that demand has increased at a time when the potential number of girls coming into the business was at its lowest for many years. For the last three years the workforce has been shrinking marginally because of the fall in the birth rate in the late Fifties. This year the shortfall was worsened by the raising of the school leaving age.

In this situation, says Bernard *Marks, chairman of the Alfred* Marks Bureau, the quality of applicants for any one job naturally declines, and the complaints about poor agency service rise in direct relation to the increase in demand.

"Just as you can't make bricks without straw," he says, "you can't really preselect girls for a job when you haven't got a pool of girls to choose from. We've got a *basic raw material* problem, like many other industries."

Lack of preselection is not the only complaint heard from personnel directors, though it is one of the few *criticisms which* the agencies themselves are prepared to admit may be valid under to-day's market conditions. Many employers, however, complain that temporary agencies *encourage girls to move around* as a means of increasing their own commission

The established agencies all deny this charge, arguing that the commission earned by an *interviewer on a temporary* placing is not enough for a girl to put her job with an agency at risk. The big agencies all say they welcome the Government's enabling legislation *aimed at controlling* the practices of agencies and which, when it comes into force in the spring, will make it illegal to lure girls away from their jobs.

But however strongly employers may feel about the shortcomings of some agencies, the profits now being forecast by the public bureaux like Alfred Marks and the Brook Street Bureau, indicate that these agencies at least continue to provide a service *employers* cannot do without. Given the alternative costs of about £200 a head for advertising for a secretary, the agency's average placement fee of about £100 is still significantly cheaper—if they can find a girl.

But even Bernard Marks thinks that some companies do not do enough to help themselves. "The best way to find a girl is to offer your existing staff a bonus of, say, £20 so that they bring in a friend or persuade a temporary secretary to stay on.

Rank-Xerox copier[s] face a challenge

BY ROY LEVINE

IN A move that could have significant implications for the plain paper copier market—dominated by Rank Xerox, now subject to an investigation by *the Monopolies Commission*—Kalle Infotec, the Hoechst subsidiary, has made its machines available for purchase (at £3,500 each) instead of just renting them.

Until now one could *usually* only rent plain paper copiers. The copying market in Britain for all types of machines is worth about £100m. a year. About three-quarters of the 400m. copies made monthly are on plain paper and about 95 per cent. of that market is controlled by Rank Xerox, the U.K. associate of Xerox Corporation in the U.S.

In May this year the Monopolies Commission announced it was investigating the plain paper copier market. In August it rejected Rank Xerox's plea to widen the scope of the investigation and redefined the type of machine being investigated as "indirect electrostatic reprographic equipment" to make it clear that stencilling and other machines should not be covered by the probe.

Vast market

The plain paper market is the newest and fastest growing part of the reprographic industry and is seen by some as a vast untapped market still waiting to be opened up.

Kalle Infotec started marketing *in the U.K.* in June but initially offered its copier only on a rental basis. Other companies supplying plain paper copiers include IBM, Gestetner, Agfa-Gevaert, 3M and Nashua Copycat.

In launching the new marketing plan last week, Mr. M. Illis, marketing manager of Kalle Infotec, said, "It is a remarkable *fact that up till now the* o[nly] piece of office equipment wh[ich] it has been impossible to buy h[as] been a high quality medi[um] volume plain paper copier. Th[ose] available for sale have eit[her] carried a prohibitive price [or] have been mainly suitable f[or] low volume requirements."

The price structure of [the] Infotec 1,000 was designed [for] the users in the 7,000 to 20,0[00] copiers a month volume brack[et] —"the heartland of the pla[in] paper copying" according to M[r.] Illis, who claims there are so[me] 35,000 users in that range.

Supplies *and maintenan[ce]* (except paper) are contract[ed] separately. In addition, an ex[tra] charge of £2.50 a thousand [is] incurred for high volumes [of] over 8,000 copies a month. [He] says that at *10,000* copies [a] month the total maintenance a[nd] supplies cost per copy is 0.55p.

If the machine is bought, [the] cost of 8,000 copies a mo[nth] would amount to about £100 [a] month, while if it was lea[sed] over a five-year period [the] monthly cost would be abo[ut] £120.

IBM's monthly rental cha[rge] *for its Copier II is £134 a mo[nth]* including 11,000 copies. The pu[r]chase price is £10,542.

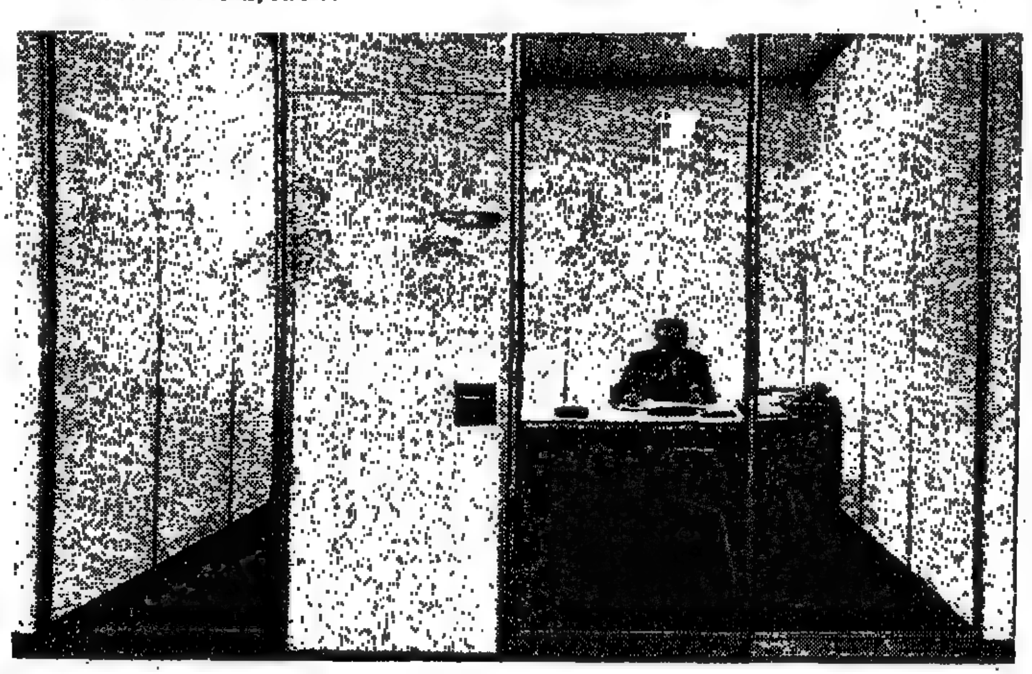
Rank Xerox has a very comp[li]cated rental structure which [is] widely regarded as among [the] most expensive on the mark[et]. The minimum monthly bill[ing] *for its 3600 copier is £110.*

Kalle Infotec's move will pr[ob]ably be closely watched by [the] other companies in the field a[nd] *if its new policy succeeds* [it] could spark off an industry-w[ide] change in marketing.

Meanwhile, for *potential* us[ers] of copiers the situation mer[ely] serves to stress the need for e[ach] firm to assess its likely volu[me] usage and do its homework [on] the comparative costs of vari[ous] products on the market.

Dividing up that space

BY CHRISTOPHER SYKES, ARIBA



PEOPLE HAVE always divided up working space for privacy, comfort, warmth, status or peace and quiet. These days with economic arguments uppermost in the minds of office managers, most people would agree that office partitioning should depend on the kind of work being done there. Large clerical departments, like typing pools or the accounts, may need little partitioning while the top brass liked the splendid isolation of individual cells.

Traditionally, offices were split into cells of varying size but the trend of recent years has been towards open plan offices. This trend is now slowing down but it has made cellular planning more "open," both visually and functionally.

The most important advantage of partitions over fixed walls is the great variety and flexibilty which they offer. Systems are available to meet all requirements, whether the office is to be cellular or open plan or a mixture.

Although partitions are based on standard components, they can still have plenty of individuality of design and finish.

The best partitioning is a perfectly related series of components. It is basically a framework system of posts with panels between.

Flexibility is very important if rooms need to be altered in *size or shape later.* Partitions must be easy to erect, dismantle and rearrange. *Most* speculative office buildings are let as a shell and it is left to individual tenants to do the partitioning.

Tenants taking over premises can run into problems when moving partitions around. For example, the carpet may have been fitted between the partitions and not run continuously *underneath.* Some *systems* can be easily *taken* down by staff while others may require outside contractors. Obviously it is easier *if partitions* and suspended ceilings are co-ordinated and share a common modular grid.

Performance requirements vary throughout the office. High sound insulation may be needed in some areas and not *in* others. You should try to see that changes *in* performance are not emphasised by changes in appearance.

Sound insulation properties are easily misunderstood. Some manufacturers mislead by quoting the decibel (dB) reduction of the partition panel only (high figures are better) when the performance of the partition on site may well be less.

Junctions are very important, particularly *between* partition runs and the existing structure and between partitions heads and suspended ceilings. It is very easy to reduce the sound insulation performance of a partition by inadequate damming of potential paths of sound leakage.

Sound can be masked by other noises of different kinds. At the very simplest, the mere humming of a fan will shift awareness of the listener away from adjacent noises. A partition on the lower floors of an office block, and therefore adjacent the masking noise of traffic, will appear to perform worse on the quieter upper floors.

Most partitioning used in offices in Britain is aluminium-framed but steel-framed systems, mainly used in industry, are making inroads thanks to the work of manufacturers who have deliberately designed steel *systems for offices.*

Timber-framed partitions are popular although the sections are generally thicker than metal. In all framed systems, the materials used for the infill panels will vary depending on the cost and performance specified.

Portable walls are an interesting development. These comprise individual panels stabilised top and bottom by pneumatic or mechanical means.

Where high and rapid flexibility is required, traditional sliding/folding tracked systems are available, ranging from the *simple* domestic-scale accordion types to very large moving walls.

Another development is the *introduction* by *furniture manufacturers* of integral systems of screens, screen-hung office equipment and free-standing furniture.

The average supply and fixed cost of partitioning is about £12 a square metre, but this varies depending on finishes, non-standard work, proportions of solid and glazed areas and number of doors. Purpose-made partitioning is expensive and rarely justified.

It is worth noting that many extras can crop up on site, such as for cutting round pipes and beams, trimming for services and changing your mind. Unloading and access to upper floors can be a problem.

Of the 80 partitioning manufacturers operating nationally, eight hold most of the market. Since it is easy for anyone to set up in the business, there are great dangers in employing firms whose competence has yet to be proved.

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Last try for credit control

IT IS now two weeks since short-term interest rates were raised in this country to unprecedented levels, but nothing that has happened since suggests that the new regime will give the desired check to credit expansion either quickly or automatically. On the contrary, the banks appear to be imposing a kind of self-discipline on lending, *in order to* produce the results which the system has so far failed to produce on its own. Meanwhile, in consultation with the authorities, they are intensifying their efforts to check "round tripping" — arbitraging in the money markets.

Will-power

The banks are thus trying *by sheer will-power to produce* the effects which were supposed, under the philosophy which underlies the present system of competition and credit control, to arise automatically from the workings of the market. By policing their customers they *hope* both to restrain the growth of credit for spending—the monetary component in demand restraint—*and to check the operations* which have so heavily distorted the monetary statistics. If they achieve this feat (though King Canute would have advised against the attempt) we will have a satisfactory economic result, with satisfactory numbers for evidence. Though such a result will not prove that a free credit market can be managed as the authorities *originally intended,* it will at least show that credit restraint can be imposed without formally abolishing the free credit market.

This benign deception, as is widely realised in the City, is effectively the last chance for the present system; and it does not, unhappily, look a particularly hopeful one. The oil crisis seems bound, before long, to distort the normal flows of cash, creating new demands for bank accommodation which it might be dangerous to resist. The coming tax quarter, and the debiting of record sums of loan interest against January accounts, will produce seasonal distortions for which it will be virtually impossible to make adequate statistical allowance. It will be some months, in short, before it is possible to judge whether credit has been effectively restrained or not, and whether or not the figures *are being distorted* by arbitraging. It seems only too likely that this combination of external strains and internal distortions will at some stage have results which make it impossible to wait and see any longer.

There are some modifications of the present system which might make it more effective—modifications of the terms on which overdraft facilities are offered, special reserve requirement to discourage banks from bidding for funds in the market through certificates of deposit. But these again would require time to prove themselves, and in the present economic crisis, there is all too little time to wait for the results of experiments. It is much more likely that the authorities will feel compelled to reimpose direct, selective controls on lending. But such a decision will no more prove that a free credit market cannot work than any good figures contrived in the next few weeks will prove that it does work. The system has been subjected to insupportable strains from fiscal expansion, domestic and imported inflation, and now oil.

Not final

This means that a suspension of the present rules of competition and credit control—already widely breached in spirit — need not imply a final judgment; it would be rather a postponement of the experiment until conditions are more favourable. It is to be hoped, then, that the authorities will not feel compelled to fight in the last ditch to defend the semblance of the new system. In an economic crisis, the tests of management are not ideological but pragmatic: if it works, do it.

Greece without Papadopoulos

GENERAL George Papadopoulos made enough enemies while running Greece to explain half a dozen coups against him. The one that disposed of him yesterday after 6½ years seems to have originated among officers who first *supported the Colonels'* coup in April 1967, but became disillusioned with the Papadopoulos régime.

He himself may unwittingly have set in motion the events that were to unseat him when, in the late summer, he announced his intention to hold Parliamentary elections next summer. At the same time, he proposed to maintain, as President, total control over key sectors of political power.

Adventure

The proclamation which has just informed the Greek people that it had new masters contains a clear pointer for it said that the aim, in 1967, had been to create conditions for a stable parliamentary democracy. Instead, Greece was being dragged into an electoral adventure.

That does not really read like a statement of intent to re-establish parliamentary democracy. After all, the 1967 "revolution" abolished democracy, however inefficient and debilitated it may have been. Nor, for that matter, was it looking very likely that the Papadopoulos experiment would lead to democracy: *certainly the* traditional political parties stood aloof from the preparations for next year's polls, fearing that neither the election nor the subsequent political system would be fair.

The good personal standing of the Prime Minister whom President Papadopoulos had appointed, Mr. Spyros Markezinis, did not alter that. He, too, seems to have been swept aside. In view of his reputation as a maker of economic policy that could turn out a cause for some regret in inflation-ridden Greece.

Though the student troubles this month were at least partly of political inspiration, the main popular complaint against the regime has been that it allowed prices to soar out of reach: depending on the region, the cost of living has gone up between 35 per cent., and 45 per cent. in 12 months. But the fact that the people did not take to the streets when the *students were suppressed* gives reason to believe that Greece is not in revolutionary mood.

From within the regime, criticism had concentrated upon the cult of the Papadopoulos personality. Also many officers felt that the country's rulers were becoming too wealthy too fast. There was a movement within the officer corps intended to bring back an *austere version of revolutionary* virtue, and for "democracy" in the sense of taking account of the popular will, though not by conventional Parliamentary means.

The Gizikis regime may therefore be in a mould known from certain Latin American countries — authoritarian, but with a social conscience. Yet Greece seems to have come too *far down the road of economic* development for the "Nasserite" label to be appropriate. Moreover, the American connections of the new Prime Minister, Mr. Adamantios Androutsopoulos, point rather in the direction of economic orthodoxy. So far there is nothing to suppose that foreign investors need have fears, except inasmuch as the events this autumn have made Greece look less stable politically than used to be widely believed.

Acid test

As for democratic institutions, the acid test could well be the future movements of Mr. Constantine Karamanlis, Prime Minister repeatedly between 1955 and 1963, and is perhaps the only one of the traditional politicians to command the charisma calculated to arouse the people at large from their political apathy. If he felt justified in seeking a new role in Greece and if the regime were to permit it, the regime's protestations of democratic intent might begin to look more plausible.

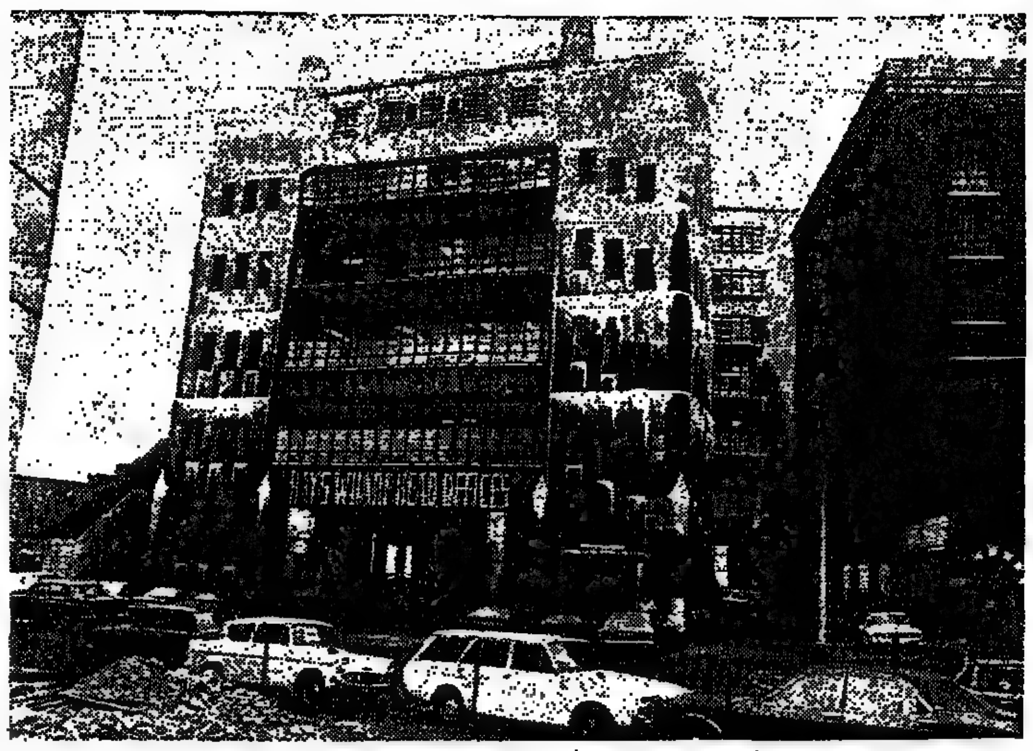
Public interest and private gain at Hay's Wharf

By PETER RIDDELL, Property Correspondent

SOUTHWARK Council's decision last week to approve its Thames-side strategy plan for the 138 acres between Blackfriars Bridge and Surrey Docks opens the way for one of the largest redevelopment projects ever undertaken in central London. It does not, however, mean the end of the long-standing controversy over the area since there will now be lengthy bargaining between the Council and the developers within the guidelines laid down in the strategy plan over the detailed proposals for the 20 or more sites affected. This will involve, in turn, the Greater London Council and also, probably, the Government.

The controversy has a much wider significance than just the future development of north Southwark, although this is important enough, given the scale of the opportunity presented and the fact that completed values may run into hundreds of millions of pounds. It also highlights many of the main pressures affecting planning decisions in central London to-day—the constraints facing both planners and developers, the consequent growth of "planning gain" agreements, and the debate over the distribution of the profits *from development.*

The starting point for the discussions in North Southwark is that a large part of the land along the most valuable riverside stretch is derelict. This area started changing in the mid-to-late 1960s as containerisation and other developments drew much of the dock trade down river to Tilbury. The result was that a large area of wharves and warehouses became empty or were demolished. There is now more than 2.25m. square feet of vacant floorspace between Blackfriars Bridge and Tower Bridge.



Hay's Wharf: the situation is naturally far more complex where the developer holds far more of the cards by owning most of the land.

Trading operations

The movement of industrial employment away from the riverside is happening elsewhere in London, in the main dockland district east of Tower Bridge and in Battersea, for example, but in North Southwark the development potential is particularly high. The main riverside stretch is directly opposite the City, so the pres*sure for large scale office* development has been that much greater. Consequently, land values have risen sharply and are now reported to be £1m. to £1.5m. an acre in some sections.

The largest site in the riverside area is the 38.5 acres Hay's Wharf section, which runs from just west of London Bridge to Tower Bridge. The main landowner here is the Proprietors of Hay's Wharf, although various public bodies also have holdings. The company, which has moved its own trading operations down river, has linked with a consortium of private developers (St. Martin's, Amalgamated Investment and Property, and Argyle Securities) which have taken option agreements on sections of the development area. In October, 1971, proposals announced for this stretch of riverside under the title of a "City within a City" suggested 2.5m. square feet gross of offices, two hotels, 626 flats, and shopping and other *amenities. At the same time* a number of other major schemes have been put forward for other parts of the area and some have already received planning approval: for example, the mixed development at King's Reach on the western side of Blackfriars Bridge: and Edger Investment's scheme to the east of the Bridge.

In this context of increasing developer interest, the Southwark planners have been preparing and amending their strategy proposals for the area. Their freedom of action has been constrained from the start by the fact that the Council does not have extensive land holdings along the river. Nor is Southwark a wealthy borough. Its rateable resources have *actually been declining largely* because of the loss of port activities. The Council has a large financial commitment as well, with a big housing programme and a high proportion of local authority owned homes. So, given the willingness of the private sector to invest, the borough believes it to be highly unlikely that the Government would grant special loans sanction or compulsory purchase powers if it wanted to act on its own.

The strategy plan points out that as a result, neither large scale public sector housing nor large areas of open space are financially feasible for the stretch west of Tower Bridge, *such plans would anyway reduce* the employment potential of the area. "In the key areas of change along the river much of the development is likely to be initiated and financed by the private sector," it states.

The Council's main role is thus that of a planning authority using a combination of negative *powers and persuasion to obtain* the type of development it wants. It accepts that the most appropriate form of commercial development would involve offices since there is little chance of attracting manufacturing industry or warehousing on any scale. They prefer to be much nearer major road links. Office building, too, would provide an attractive alternative for companies looking for a central London location, and, by increasing supply might help, at least temporarily, to ease some of the pressures on the City office market.

Volume of offices

Offices would also *increase* employment and rate revenue. Nonetheless, the Council has proposed limits to the volume of offices, and restriction is made necessary anyway by GLC and Government controls. Instead it stresses the need for mixed development along this stretch as do the private property groups. Its policy is based on the "planning gain" agreement where approval of office development is granted in exchange for some community benefit. Until a few years ago the most frequent "gain" was land *for road building*—Centre Point being a somewhat curious example—but recently the scope has been widened to include *the provision of housing,* open space, sports centres and other social amenities.

But the balance between offices and social amenities is far less easy to agree and there has been a noticeable shift towards the planner's viewpoint in the past couple of years. This partly reflects the public *criticism of the original plans* —in particular the scale of the office buildings and fears about the creation of a concrete curtain along the whole of the South Bank skyline. Some important revisions have resulted. In the zones of mixed development along the riverside the plot ratios — the relation of floor space to site area — for offices have been reduced from 1.5:1 to 1.3:1. There has also been an increase in the amount of local authority housing and a larger amount of housing overall.

It is not clear though whether these revisions go far enough for the GLC though it will not become officially involved until planning applications are submitted. The general attitude of *the GLC is somewhat uncertain* though it made clear its desire to see the office content reduced below what has been proposed because of the effects on the staff and transport situation in cntral London.

The revised plan has not satisfied some other critics either The North Southwark Community Development Group has argued that this planning gain approach gives the Council little power to control the development process. The Group argues that the Council should challenge the commercial processes by, for example, acquiring more land and adopting a community development approach. The idea here *is* that the social needs of small areas of 15 to 30 acres should be identified and a calculation should be made of the amount of office space necessary to pay for it. So the profits from office building would go not to a developer but to subsidise community needs.

Capital profits

Another criticism of the Council's approach has come from Claudius Properties which presented an alternative non-profit making scheme for the Hay's Wharf site on the eve of the Council decision last week. Claudius is run by Christopher *Booker* and Bennie Gray, himself a successful property man in his time. They maintain that the proposed planning gains are only worth a tiny fraction of the likely profits. Under Claudius's plan, it would buy the land in conjunction with a local authority, build the same office content as the private developers propose, provide similar, if not greater, social amenities, sell the completed building to an *institution;* and return the capital profits to the Council.

The plan has had a mixed reception from Southwark Council. While they are prepared to consider Claudius's idea, the Labour leaders of the Council are extremely sceptical about whether the necessary loan and compulsory purchase powers could be obtained, and about some of the profit projections, especially Claudius's estimate that the capital profits from the Hay's scheme could be more than £150m.

The Council's major criticism of Booker and Gray is that they underrate the possible planning gains. The Council points out that on one small site—the Edger scheme—it has obtained benefits in the form of 100 homes, open spaces and a river wall, worth in total, more than £6m. The Council believes it can press the community claims equally strongly elsewhere. While the secret talks with Hay's Wharf continue, the first major test is likely to be the proposed Bankside scheme of Laing Developments on Bankside.

The councillors are naturally reluctant to sacrifice these gains for the apparently slim chance that the Claudius scheme might be approved. There would be the natural danger that the housing and other social amenities would not be built for many more years if a deal with the developers was not agreed.

Nevertheless Booker and Gray have raised an important point in relation to development in London by drawing attention to the benefits created by the grant of a planning permission. Thus, in a situation of restrict[...] supply, as in central Londo[...] the planning authority is effe[...] *tively* granting a share in [...] monopoly when it allows a pla[...] ning application and thus giv[...] the developer a permanent rig[...] to the increase in rents creat[...] by the market situation. T[...] community receives a limi[...] amount in return, mainly rate[...] and any planning gain benefi[...] While both these can be co[...] siderable, many local authoriti[...] feel they should have a sha[...] of the "*action*" via an equi[...] stake.

The Booker and Gray pr[...] posals would only take adva[...] tage of the initial capital pro[...] and would involve the surrend[...] of both the long-term inco[...] and the ownership of the la[...] The idea that local authoriti[...] should take a permanent inte[...] est though is not nearly [...] radical as it might seem. Alm[...] all the British Rail proper[...] developments and many to[...] centre schemes in the provinc[...] are carried out on the basis [...] the public body owning the la[...] and linking with a develop[...] who takes a lease with freque[...] rent reviews, thus providi[...] the landlord with a large sha[...] in the increase in the rent income.

Planning framework

This approach is regarded [...] many developers as ensuring [...] fair balance between [...] interests of the local authori[...] and the property company. T[...] point is that, in most of th[...] cases, the land is owned by [...] public authority in the f[...] place. The situation is natura[...] far more complex where, as [...] Hay's Wharf, the develop[...] holds far more of the cards [...] owning most of the land. T[...] constraints this creates in tu[...] raises the issue of whether t[...] present planning framewo[...] provides sufficient posi[...] powers, rather than mer[...] negative ones like the rejecti[...] of an application, to deal w[...] the future of key city cen[...] development areas such as no[...] Southwark—or for that mat[...] Piccadilly Circus or Cov[...] Garden.

The problem is to ensure t[...] local authorities are in a po[...] tion to plan and implement t[...] development of these areas [...] line with overall commun[...] interests while allowing t[...] developer a reasonable retu[...] for providing his expertise [...] the design, construction a[...] letting of a scheme. Meanwh[...] the recognition of an unea[...] mutual self-interest betw[...] planners and developers [...] north Southwark is likely [...] produce further planning ga[...] compromises and the possibili[...] —depending on the GLC [...] attitude—of a sizeable part [...] the development being w[...] under way within a few years.

MEN AND MATTERS

The oil diplomat

In one sense Sheikh Ahmed Zaki Yamani, Saudi Arabia's Minister of Petroleum, is an unlikely figure to be found at the top of the Arab oil world. His influence depends partly upon Saudi Arabia's oil strength, and, until recently, few Saudis from outside the Royal Family became Ministers. But in another sense, Yamani, with his house in Geneva, and urbane life-style, is the outstanding example of the new meritocracy which oil wealth has been producing throughout the Middle East, including Saudi Arabia. He has made up for his lack of Royal birth with a varied education—starting at Cairo (in law), and continued at New York and Harvard—and a brilliant political career under the patronage of King Feisal.

This started back in 1960, when, only two years after becoming legal adviser to the Council of Ministers, he was given the job of Minister of State. At that time Feisal, then Crown Prince and Prime Minister, was putting the Saudi house in order; within another two years Yamani found himself Minister of Petroleum, and one of the first Saudis from outside the family to have achieved Ministerial rank. Since then, some of the princes are said to have resented his growing influence. But if that is true, his position has been fortified by the appointment of the American-educated Prince Saud bin Feisal, a son of the King, to be his deputy.

Now 43, he is highly regarded by most of the people who have to negotiate with him. He is cool and has a warm sense of humour and charm. At OPEC meetings he is the supreme diplomat, rarely thrown by critical confrontations, liked by those he works with, and willing to hammer out crucial issues privately with industry leaders.

He also, in spite of stressing his Bedouin origins (he lives in a camp in Taif in the summer) has a gift for understanding the Western mentality. He likes communicating with the Press, and is always ready with a comment, as last week's trickle of bulletins from Copenhagen indicated.

What remains to be seen is how far he will push his philosophy of the "natural alliance" between oil-producing and consuming countries. A few years ago, and earlier than most, he was predicting that the role of the oil companies would be attenuated, with more participation by host countries. Participation has now come to pass. And this week Yamani comes to London, along with Belaid Abdelsalam, the Algerian Minister of Energy, on a diplomatic mission to the consuming countries, to talk, presumably, on how to take that "natural alliance" further.

Second try

Arnold Edward, due to take his Edward Electronics group public with a reverse into the revamped Blanes concern early next year, has once before gone through the process of bringing a new operation to the Stock Market. That was in the early-'60s, when, having sold 76 per cent. of his group of radio shops to John James, the James group went public. It turned out, he says, to have been a "valuable but personally unprofitable" experience to be a minority shareholder in the business, and he left in 1965.

So it has taken Arnold, who started in business in 1947 with a £500 Army gratuity, only eight years to get back to the Stock Market. After he left James he returned to the rump of the old radio business, an electronic wholesaling concern then making profits of £11,000 a year. His brother Maurice, who had been a partner in the shops, returned to help, and last year they produced profits of £268,000.

Last year, also, they acquired the Black Arrow office equipment distributor and leasing concern. This, says Edward, is the area on which the company will now tend to concentrate, with leasing now "becoming much *more fashionable.*" The deal, half financed by a £450,000 loan from Williams and Glyn's Bank, would give the bank almost 21 per cent. of the equity of the Edward Electronic if it chose to convert. But, after his last Stock Market experience, Edward, 47, is determined to keep control: he and his brother would still have 57 per cent., and he has, he says, "no intention of selling."

Toothill's uphill task

The series of bidders who have swept into MacLehose since last December have left its chairman, Sir John Toothill, sounding a little weary. He became chairman a year ago, after a continued period of loss in the company's Glasgow book printing side. The ICFC, which had loaned MacLehose £100,000, persuaded him to join, says Toothill, to "see what could be done about the losses." But then, "before we could get down to the problems," came the bid (now lapsed) from James McMahon, and the company has been exposed to an offer virtually ever since.

Toothill, 65, is an engineer and accountant, who was largely in charge of setting up Ferranti's Edinburgh operation, and still sits on the Ferranti Board. He is, he says, a little puzzled by the interest which is being shown in MacLehose by outsiders. So might be the 200 or so shareholders who will decide the matter, since the two latest bidders, Howard and Wyndham, and Rew Securities, both say they would keep the company substantially as it is.

Toothill agrees with them that the company is viable, and that the recovery of the printing industry augers well if only MacLehose could "*get more* volume." But he also says that the site of the Glasgow plant is considerably undervalued, and that rescue *might mean moving* the works and redevelopment. Presumably that point has not been missed by Howard and Wyndham whose 40p bid was supported by the Board, or by John Rew, the 33-year-old associate director of the Italian International Bank, who runs Rew Securities.

His bid, at 42p a share, and claiming 43.3 per cent. of the equity has gone unconditional. So Toothill will now have to sit by and see if a battle develops hoping, he says, that the situation is resolved while ensuring the jobs of the 350 or so workers. Meanwhile, despite the disruption of the bids, the "shareholders have done pretty well. When I became chairman the shares stood at 28p."

Wrong turn

Why does the Jewish congregation let out a dismal sigh when the Chief Rabbi reads the lesson on how the chosen people crossed the Red Sea and turned left into the Promised Land?

Because if they had turned right, they would have the oil and the Arabs the oranges.

Observer

Insurance

Financial Times Survey

The industry's eventful year

By ERIC SHORT

The experience of last year was, on balance, a good one for Britain's insurance industry. Underwriting results continued to improve and there were signs that the industry was coping with the effects that inflation was having on its performance.

Indeed, Lloyd's produced another set of record figures and the picture for the immediate future continues to be bright. The British Insurance Association's member companies turned in another overall underwriting profit on fire, accident and motor business. This profit was 1.6 per cent. of premiums against 0.6 per cent. of 1971, the first underwriting profit recorded since 1967.

Life assurance continues to go from strength to strength, making a vital contribution to the growth in savings generally. New sums assured reached £16,000m. for the first time to show a rise of 19 per cent. There was a substantial increase in overseas business.

New annual premiums in life assurance moved up to £449m. from £348m., a 29 per cent. increase, while single premiums in 1972 doubled to £632m. against £315m. This phenomenal increase was mainly unit-linked bonds and guaranteed income bond business and illustrates the tremendous impact the new offices had last year.

Now that the U.K. is a member of the EEC, the industry is now facing directly the opportunities and problems that such membership entails.

Last year's survey dealt with the possibilities that proposed membership would give. These are now realities, but the industry is not going to change everything overnight. A lot of insurance business is long-term and long-term is the outlook to be adopted in looking at the market opportunities.

These opportunities arise from the potential in a very enlarged market and the chance of using the expertise acquired by the industry over the years which has made and kept London the world capital of insurance.

The problems to be faced arise from the regulations to harmonise the legislation and rules under which insurance is carried on within the member countries. These problems look extremely formidable, if not insurmountable. Insurance business in most, if not all, Continental countries aims to dictate comprehensively and in detail the way in which insurance business is carried on.

Against this, Britain is the foremost country, despite recent legislation, operating on minimal interference with the running of the industry. Legislation here is designed primarily to ensure overall solvency.

Hands down

This difference in operation has inevitably produced a difference in outlook in the employees of the insurance industry. Which approach is best arguable, but if results are the criteria, the U.K. method wins hands down.

Fortunately, the period required to achieved complete harmonisation is quite long and very flexible. The changes will be progressive rather than sudden. Thus there should be ample time to understand both viewpoints and hammer out an acceptable compromise. What is essential is that no regulation should be so restrictive that it inhibits the growth pattern of the insurance industry or restricts the strong international interests of the U.K. insurance industry.

Within the U.K. itself, the industry has been having its share of domestic problems to cope with. First, there has been the Insurance Companies Amendment Act, 1973. The failure of the Vehicle and General, together with earlier crashes, showed clearly the need to re-examine the operating conditions within the insurance industry.

The Government outlook on this subject still can be summed up in the phrase "Freedom with publicity." As such the industry welcomed the provisions of the Act, although the details of disclosure required still have to be decided upon.

The legislation will mean that insurance companies can carry on much as before. But the authorities will now be able to move in and investigate the doubtful case very much earlier and take appropriate action in the potential crash case while there is still time for effective action.

Next, there was the publication of the Scott Report. Although it related to unit-linked life assurance, much that was said was relevant to the whole industry. This is particularly so in the nature of advertising and consumer selling. Although the subject has been well discussed, separate articles on its implications and those of the Act are included in this survey.

Still in the political field, insurance has not escaped the nationalisation shopping list of the Labour Party proposals. The final list has still to be prepared, but the reasons and arguments put forward for the nationalisation of a thriving industry which has not failed the community lack conviction.

No doubt more will be heard on this subject as the time for a general election approaches. But the campaign of the Labour Party does show the need for the insurance industry to maintain the high standards achieved in the past and co-operate fully with the authorities in making the industry fully secure and solvent.

Motor premiums

On the home economic side, the industry has not escaped the toils of Stage I, II and III. Motor insurance has been the sector in the industry most affected by this. Certain major composite offices have had their requests for premium increases severely modified. For a sector that is very vulnerable to the ravages of inflation, this rejection will probably turn out to be a serious setback.

The full implications are considered in the article on motor insurance. This sector has a long stormy period ahead of it, with no sign of reaching a break-even point in the foreseeable future. This comes hard compared with a year ago when that elusive point seemed to be within reach.

For in 1972 the underwriting losses in the U.K. for motor insurance were down from £25.5m. to £3m., the best figure for years. This dramatic improvement was the result of setting more realistic rating levels. There was certainly grounds for optimism here, but we shall have to wait for this year's results to see the effect of the premium limitations.

Motor insurance remains the black spot in the overall picture of underwriting results in 1972. The loss on worldwide results was £12m., a big improvement from the 1971 loss of £29.8m. The U.S. results showed a healthy jump in profit to £9m. from £6.4m. the previous year.

But the rest of the world went back with a loss of £18m., against a loss of £10.7m. in 1971. But the results so far for 1973 show a reversal of this improving overall trend. A reappraisal is needed in motor insurance with more attention being paid to claims. The BIA is giving a firm lead in this respect.

As shown by the accompanying table, the underwriting results of the fire and accident sectors were extremely good. Worldwide they improved to a £54m. profit from £42.2m. in 1971. Of this, the U.K. results provided £48m. (up from £40.6m.) and the U.S. £12m. (against £1.5m.). The rest of the world had a loss in these sectors of £6m. compared with a profit of £0.1m. in 1971.

Thus the rest of the world turned out to be the drag on underwriting profits in 1972 in all sectors with an overall loss of £24m. against £10.6m. of the previous year. The areas most responsible for this deterioration were Australia, Canada and Western Europe.

The causes for this illustrate the constant battle in which insurers are engaged overseas with adverse conditions. For instance, in Australia the market was particularly hit by retrospective legislation which increased amounts payable under workmen's compensation benefits. Naturally in cases like this there will be a time-lag on recouping such losses by increased premiums.

This was the only blot in the otherwise rosy picture for 1972. Underwriting profits were £42m. (1.6 per cent. of premiums), compared with a profit of £12.4m. (0.6 per cent. of premiums). It is clear from these figures that the overhaul in the ratings done two years ago, is now bearing fruit, especially in the fire and accident sectors.

What of the future of the industry? One thing is clear, it is far too modest about its achievements and the contribution it makes to the invisible earnings. In 1972 these amounted to £424m. out of a total of £676-681m., compared with £380m. out of a total of £619-624m. in 1971. A proud record, but one which is not publicised to any great extent.

The policing of the industry, if one can use that term, will have to be done by the Department of Trade and Industry, with the full co-operation of the individual companies. The BIA, being a trade association, is neither equipped nor willing to carry out this function and justifiably so.

On extending its operations into Europe, the industry must remember that it will do this only on merit and not as a right. There is much that can be taught to Continental insurers, but they are learning fast. There is not going to be a one-way traffic into Europe. Continental insurers are already starting to come to the U.K., spearheaded by the Dutch and the Danes.

Finally, the BIA are taking active steps to get the insurance message over to the general public. Sensibly, they are making a big effort in the schools, where the curriculum of many is being extended to cover topics such as personal finance.

The educational films that the BIA have made available and the educational packs which cover most aspects of insurance go a long way to projecting the image of the insurance industry. For in the past the concern has been on building up that image. Now is the time to show just what the industry does and how it does it.

WORLDWIDE GENERAL PREMIUM INCOME 1971 AND 1972—(£m.)

	World total 1972	1971	% increase
Fire & accident (non-motor)	1,599	1,337	19.6
Motor	995	814	22.2
Marine, aviation & transport	268	250	7.2
Total	2,862	2,401	19.2

NOTE: These figures include business transacted by specialist re-insurers, which is not included in subsequent tables.

WORLDWIDE UNDERWRITING RESULTS 1971 AND 1972—(£m.)

	1972 Premiums	1972 Profit /loss	1972 % of premiums	1971 Premiums	1971 Profit /loss	1971 % of premiums
Fire and accident	1,549	+54.0	+ 3.5	1,294	+42.2	+ 3.3
Motor	989	−12.0	− 1.2	810	−29.8	− 3.7
Total	2,538	+42.0	+ 1.6	2,104	+12.4	+ 0.6

U.K. UNDERWRITING 1971 AND 1972—(£m.)

	1972 Premiums	1972 Profit /loss	1972 % of premiums	1971 Premiums	1971 Profit /loss	1971 % of premiums
Fire and accident	567	+48.0	+ 8.5	481	+40.6	+ 8.4
Motor	384	− 3.0	− 0.8	296	−25.5	− 8.6
Total	951	+45.0	+ 4.6	777	+15.1	+ 1.9

U.S. UNDERWRITING 1971 AND 1972—(£m.)

	1972 Premiums	1972 Profit /loss	1972 % of premiums	1971 Premiums	1971 Profit /loss	1971 % of premiums
Fire and accident	420	+12.0	+ 2.9	370	+ 1.5	+ 0.4
Motor	251	+ 9.0	+ 3.6	227	+ 6.4	+ 2.8
Total	671	+21.0	+ 3.1	597	+ 7.9	+ 1.3

REST OF THE WORLD UNDERWRITING 1971 AND 1972—(£m.)

	1972 Premiums	1972 Profit /loss	1972 % of premiums	1971 Premiums	1971 Profit /loss	1971 % of premiums
Fire and accident	562	− 6.0	− 1.1	412	+ 0.1	+ 0.0
Motor	354	−18.0	− 5.1	287	−10.7	− 3.7
Total	916	−24.0	− 2.6	730	−10.6	− 1.5

INSURANCE II

Warm welcome for new legislation

By MICHAEL BLANDEN

It must be fairly rare for an industry to give a warm welcome to new legislation providing a Government department with extensive discretionary powers over its operations, as happened with this year's wide-ranging changes in the insurance law. From the time the Bill was first published in January, it was assured of the support of the insurance industry.

A substantial number of amendments were made in the original proposals as the Bill went through Parliament, including the clauses introduced later to bring in the major recommendations of the Scott Committee on property bonds and equity-linked life assurance. But only one major aspect of the Bill—the Department of Trade and Industry's powers to exclude an individual from running an insurance company as "not a fit and proper person"—occasioned any substantial controversy before being changed. The result has been a piece of legislation which considerably increases the extent and the flexibility of the powers at the DTI's command in its efforts to uphold the protection of policyholders and prevent a repetition of past disasters.

In putting forward the new legislation, the Government had started with the advantage that its proposals had been drafted after extensive consultation with the industry. These had been an important part of the review of the insurance law which was started in 1971 in the wake of the collapse of Vehicle and General. Following that event, there was no disagreement that the protection offered to policyholders by the 1958 Insurance Companies Act and the 1967 Companies Act needed to be strengthened further. The V and G situation had made it clear that in spite of the increase in the DTI's powers in 1967, following the earlier spate of frauds and collapses in motor insurance, the supervisory system still had weaknesses.

Further controls

The same events also brought out the fact that any further controls would have to be imposed and exercised by the Government. The British Insurance Association had made it plain that membership provided no guarantee of the solvency of a company such as V and G—nor any special protection for policyholders in the case of difficulties. In effect, the BIA firmly passed the responsibility back to the DTI, while giving full co-operation in any new measures. The DTI itself had been strongly criticised during the investigations which followed the V and G problem, and at one stage it looked possible that the basis of the insurance legislation might be fundamentally altered to reduce the element of discretion given to the authorities in the previous Act by setting up detailed financial rules for insurance companies to follow.

In fact, however, the new Act has not done this. The legislation retains, as the Government made clear, the principle of "freedom with publicity" which has underlain the approach to control of the insurance industry in the U.K. This leaves the insurers free to fix premiums and policy conditions and to invest their reserves as they think fit, but requires them to make prescribed information available to the DTI and to the public to enable them to form their judgment of a company's financial condition.

Third reason

The approach is in considerable contrast to that in some other European countries, and to some of the ideas for harmonisation which have been coming out of Brussels, but it provides a third reason for the industry to welcome the attitude behind this year's new law. As Lord Limerick, Parliamentary Under Secretary of State for Trade and Industry, remarked at a conference this year: "Fundamentally we set out to tell insurers what they may not do, whereas in many other countries the insurer has to obtain specific approval for what he does."

Perhaps the basic weakness exposed in the previous legislation had been the inability, or unwillingness, of the DTI to act in time to prevent crashes like the V and G situation—a problem which the 1967 provisions had plainly failed to solve. The difficulty arose probably out of a combination of factors: some lack of the right information and of a clear definition of the grounds on which the DTI should start investigating a company; the fear that an investigation undertaken early could itself provoke lack of confidence in a company; and perhaps a shortage of staff of the right experience and quality in the DTI itself.

This year's provisions have been designed to remove these weaknesses. Lord Limerick said when introducing the Bill in the House of Lords: "These powers give a wide discretion to the Secretary of State to react speedily and flexibly to a threat of insolvency while there is still a hope of averting it by appropriate corrective action."

The new Act tightens up and redefines a number of the controls available to the DTI under the previous legislation, covering all the various aspects of supervision. It substantially improves the Department's powers of intervention in insurance companies. And it gives the DTI flexible powers to influence the development of the insurance industry, and to make regulations within the framework of the legislation. Perhaps even more important, the new powers have been backed up by a considerable increase in the expertise available to the Department. The number of officials engaged in the supervision of insurance has already risen from around 30 to about 80 in the past couple of years, and is expected to go up further to around 100. At the same time, the effectiveness of one of the most important areas of supervision has been improved by the new power given to the DTI to use outside experts—accountants, for example—to conduct investigations into insurance companies on its behalf.

The main provisions cover control over entry into the industry, the initial supervision requirements, the continuing solvency and reporting requirements, and the Department's powers of intervention. On entry, the new Act gives the DTI power to vary the minimum financial standards required of a company seeking authorisation. It also defines more closely the people about whose "fitness" the Department must be satisfied, dividing them into "controllers," directors and "managers." A controller includes a managing director, chief executive or a person who, alone or with associates of certain categories, controls at least a third of the voting power in the company. A manager is one who operates under the immediate authority of a director or chief executive.

A new requirement in this section is that prior approval must be obtained for the appointment of a new managing director or chief executive or for the acquisition of voting control of an insurance company, so that the fitness of the people involved may be considered.

On the initial supervision requirements, the new Act gives greater flexibility in the requirements which may be imposed, and extends their range to include, for instance, a limit on the amount of premium income that may be accepted. In dealing with solvency requirements, the DTI has been given power to vary the amount and method of calculation of the required solvency margin. On life assurance business, the provisions in the earlier legislation designed to insulate life funds from other business and from the proprietors' funds have been clarified and tightened up. And the flow of information about insurance companies to the DTI has been improved, with a number of new features introduced in the accounting area. In particular, it gives the possibility of monitoring key items of information about insurance companies more frequently than annually.

It is in the area of intervention, though, that some of the most important developments have taken place. The main change in the new Act is that if any of the grounds for intervention is satisfied, the Department will be able to exercise whichever of the powers of intervention seems most likely to avert or reduce damage to the interests of policyholders. It will be possible, moreover, to apply several of the forms of intervention in a more discriminating way than was permitted by the powers as framed in 1967. This, it is intended, will enable the authorities to inte[...] vene at an earlier stage wi[...] less risk of aggravating a[...] deterioration feared, while [...] the same time permitting [...] requirements to be intensifi[...] if they do not lead to improv[...]ment in a reasonable time.

Mr. Anthony Grant, Parli[...]mentary Under Secretary [...] State for Industrial Develo[...]ment, drew attention to th[...] issue in a recent speech. T[...] Act, he pointed out, envisage[...] precautionary action whe[...] there was a degree of unce[...]tainty but no firm evidence [...] substantiate any immedi[...] threat to policyholders. Und[...] weight should not be placed [...] the existence of a supervis[...] requirement on a particul[...] company, since misinterpre[...]tion of the DTI's actions cou[...] provoke a crisis of confiden[...] "Evidently the Departme[...] must feel able to take pr[...]cautionary measures witho[...] risking damage to the co[...]panies concerned, else the p[...]pose of the new Act will [...] largely frustrated," he said.

With these more flexible a[...] more extensive powers of int[...]vention it seems likely that o[...]cial investigations into ins[...]ance companies will becom[...] considerably more frequent. [...] support these powers, the D[...] will also have the ability [...] acquire more detailed inform[...]tion about the companies. [...] this connection, the Gover[...]ment's counter-inflation pol[...] has given an extra side bene[...] the work of supervising appli[...]tions for premium increa[...] has added to the DTI's load, [...] it has also produced a flow [...] information provided to ba[...] up the companies' claims whi[...] is recognised as a valuable ad[...]tion to the Department's kno[...]ledge in exercising its sup[...]visory role.

Strike a balance

The new legislation rep[...]sents, as Lord Limerick argu[...] an attempt to strike a bala[...] between the need to prot[...] policyholders from fraud [...] incompetence, and the desire [...] avoid "putting insurers i[...] such shackles that they can[...] give an efficient, forward-look[...] competitive service both [...] home and abroad." T[...] approach adopted, essentially [...] further development of t[...] previous legislation, has t[...] effect of giving the DTI c[...]siderable discretion in t[...] exercise of its supervisory r[...] with the corollary that [...] success of the provisions w[...] depend to a great extent [...] the skill with which the Depa[...]ment carries this responsibili[...]

Its first task, as Mr. Gra[...] pointed out, has been to revi[...] the affairs of more than 7[...] authorised insurers in the li[...] of the new powers—a ta[...] which would take time [...] which was helped by the co[...]venient fact that the new A[...] came into force shortly aft[...] most of the insurance co[...]panies were due to submit the[...] annual returns to the Depa[...]ment at the end of June.

Corporate advertising played soft pedal

By KENNETH GOODING

Last year the U.K. insurance companies spent well over £4m. on advertising their services. But the industry paid out very little to promote its "corporate" image through the British Insurance Association.

That shows how times have changed because back in the late 1960s the BIA was spending up to £200,000 a year on its television advertising campaign. To this day people remember that campaign's slogan: "Get the strength of the insurance companies around you," which is an indication of its effectivenes.

The campaign came to an end about the time of the collapse of Vehicle and General, a BIA member company, leaving about one in ten of Britain's motorists uninsured. The BIA took no action over the V & G collapse—or that is how the situation appeared to the general public who got the feeling that "Get the strength of the insurance companies around you" now had a hollow ring to it.

Complacent view

Indeed, the BIA had consistently advised people only to insure with its members and was a little complacent in pointing out when there had been previous failures that the companies involved were non-members. The V & G situation therefore undermined its standing. Not many would argue with the view that the brickbats hurled at the BIA at that time would have been fewer and less hurtful if, ironically, the television campaign had not been such a success.

These days individual members are content to see the overt advertising by the BIA cut to a few prestige "reminder" ads. on special occasions. The BIA is, of course, still spending money on maintaining a public relations department which aims to put over the views of the members by contact with Press and television representatives as well as dealing with any questions from the public at large.

As for advertising, the thinking at the BIA seems to be that it is no longer necessary to remind people about insurance or assurance in Britain. The law says a man must take out insurance on his car. The building societies insist that a house is insured before they hand out the mortgage money. Many companies cover their employees by one type of insurance scheme or another and the majority of people have some kind of life assurance once they reach the age of marriage and responsibility.

In this climate it hardly seems necessary to keep insurance in the front of the public's consciousness. More important is the problem of under-insurance, widespread in these days of inflation. But the BIA believes the best way to deal with this problem is for individual companies to remind clients about it by direct mail. Once a man is on the insurance company's books it should be up to that particular company to remind him at regular intervals about the consequences of under-insurance.

Better deal

If the BIA's original idea was to promote the concept of insurance, to "make it more relevant and more personal," there are still some organisations who advertise with the intention of spreading an impression that their members can give the public a better deal in some way. For example, the Industrial Life Offices continues to advertise and the Corporation of Insurance Brokers is also urging the public to "go to a qualified broker."

Among many insurance concerns the view is that advertising by individual companies works for everyone as far as this "reminding" process is concerned. It must be true that a man reminded of insurance by an advertisement placed by, say, Guardian Royal Exchange, would probably seek the service he needs from the company he is already dealing with rather than GRE or if he has no insurance, he is likely just to turn into the office nearest his work or home rather than seek out a particular company.

"Corporate" advertising by the BIA was finally killed off by the break-up of the motor tariff arrangements between its members. Then some of them set out to be a little more competitive than their rivals in the mo[...] insurance "packages" they [...] on offer. During the break[...] period there was quite a he[...] promotional war between so[...] of the companies.

Something else that happe[...] about the same time was a de[...]sion by the bigger companies [...] let the public know just how [...]—and also reliable—they we[...] So there was a good deal [...] "corporate" advertising by t[...] individual companies in t[...] belief there were a great ma[...] positive advantages to be h[...] from having a well-known na[...] with a good reputation. The[...] were also, the companies we[...] convinced, positive disadv[...]tages in being an insurance co[...]pany not known to the public [...] public just a little wary af[...] the collapse of V & G and oth[...] smaller motor insurance grou[...]

But now there is a feeli[...] that the message has been ra[...]med home sufficiently for t[...] companies to use their adverti[...]ing budget to promote th[...] "products." For example, Co[...]mercial Union, one of the re[...] big spenders on "corporate" image building in the past, is [...] the moment going for "theme" advertising. The current ca[...]paign aims at telling peo[...] about keeping fire risks un[...] control. "If fire losses can [...] kept down, so can premium[...] is the message.

So far the individual co[...]panies have only been testi[...] the temperature of the water [...] far as television advertising [...]

Continued on next page

INSURANCE III

Need to safeguard a most consistent currency earner

By PETER FOSTER

With the exception of a brief period after World War II, the U.K. has earned a surplus on its invisible trade with the rest of the world as far back as records go. Moreover this surplus has been of absolutely crucial importance to the overall health of the U.K.'s current account. As one can see from Table I on only three occasions in the last 17 years has the U.K. achieved a surplus on its visible trade, and in each of these years there has been a current account surplus. The significant point however is that in no less than nine of the remaining 14 years a visible deficit has been turned into a current account surplus by the advantageous balance on the invisible account.

To exemplify the magnitude of the contribution of the insurance industry to this surplus, a survey of the U.K.'s invisible account between 1962 and 1972, which was published in June of this year in the Bank of England's Quarterly Bulletin, points out that almost all of the increase in the invisible surplus between 1966 and 1971 was contributed by private services, and that the vast majority of this came from insurance companies.

However, because of the very consistency of the insurance companies overseas performances, and also due to their traditionally low profile, few people seem to be paying any attention to the very real threats which are facing their foreign earnings.

Table I. INVISIBLES IN BRITAIN'S CURRENT ACCOUNT—(£m.)

	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Gross private invisible receipts*†	1,817	1,915	2,011	2,028	2,117	2,185	2,297	2,405	2,558	2,780	2,859	3,148	3,724	4,219	4,826	5,350	5,751
Gross private invisible payments*†	1,487	1,509	1,336	1,404	1,536	1,531	1,567	1,686	1,870	2,011	2,073	2,272	2,647	2,830	3,377	3,849	4,228
Net private invisibles†	+330	+406	+675	+624	+581	+654	+730	+719	+688	+769	+786	+876	+1,077	+1,389	+1,449	+1,501	+1,463
Net Govnmnt. transactions†	−175	−144	−360	−355	−430	−496	−506	−515	−551	−581	−629	−635	−702	−801	−748	−725	−695
Total net invisibles (private and Govnmnt.)	+155	+262	+315	+269	+151	+158	+224	+204	+137	+188	+157	+241	+375	+588	+701	+776	+768
Total visible trade net (exports − imports)	+53	−29	+29	−117	−406	−152	−102	−80	−519	−237	−73	−557	−659	−143	−9	+285	−685
Current account balance	+208	+233	+344	+152	−255	+6	+122	+124	−382	−49	+84	−316	−284	+445	+692	+1,061	+83

* Consisting of interest, profits and dividends, services and transfers. † For 1956-57 net Government transactions do not include the public sector element of interest, profits and dividends. These are included in private invisible transactions. Source: Committee on Invisible Exports statistics card—"Invisibles in Britain's Current Account (1956-72)."

Main constituents

Before examining these threats and problems one should first examine the consitution of the insurance sector's overseas earnings. (See Table II.) There are four main constituents: (i) Home/Foreign business, which consists of marine, aviation and transit insurance written in the U.K. (ii) Lloyd's underwriting income, (iii) brokers' income, (iv) portfolio income. One can see that Lloyd's underwriting income is the most significant element, particularly if the portfolio element is stripped from the Home/Foreign business. Nevertheless it was this latter constituent which showed the largest increase between 1971 and 1972. Its 22 per cent. growth in overseas earnings compared with 9 per cent. for Lloyd's, 8 per cent. for portfolio income and just 5 per cent. for broking.

One significant point is that Lloyd's figures are a three year average. This is because underwriting income is initially measured as the excess of premiums collected over claims paid out. However, since premiums collected cover unexpired risks to be carried into the future and claims settled include some made in respect of premiums collected in a previous period, true earnings accruing in a period may be either over or understated.

The overseas earnings of the insurance industry were hit pre-1966 by an unusual spate of natural disasters, the last major one of which was Hurricane Betsy. Following this however the situation returned to normal and the industry was given a further boost by the sterling devaluation of 1967. Conditions continued buoyant until last year when the first signs of trouble appeared. The factors affecting overseas earnings can be divided into two broad areas; those over which the domestic industry has control and those over which it does not. In the first category come exchange rate movements and the state of the international market. In the second the overwhelmingly important factor is the likely effects on the U.K. insurance industry's overseas earnings of accession to the EEC.

A great deal of both underwriting and broking business is denominated in dollars, due partly to the position as an internationally acceptable currency, and secondly due to the fact that the U.S. represents by far the biggest single market in the world. The benefits to "City Invisible Earnings" of a sterling devaluation relative to the dollar are thus fairly obvious. This was, for example, certainly the case between March and December last year, when the dollar rate went from around \$2.61 to \$2.35, thus effectively increasing the sterling value of dollar earnings by around 11 per cent. Since the year end however the situation has changed dramatically, with the rate against the dollar moving back to around \$2.43. As for premiums denominated in other strong currencies, for example the yen or the deutschmark, the advantageous impact of sterling's downfloat has been even more considerable.

On the other hand, the general state of the international market has been deteriorating. In marine insurance, for example, a Lloyd's underwriter was recently quoted as saying that too many marine insurers are chasing premium income wildly without regard to the consequences. Moreover he went on to link this with the reverse side of the currency coin, pointing out that insurers were paying insufficient regard to the fact that sterling's relative weighted value had fallen by something like a third in the last five years and that the dollar had fallen most of the way with it, although this of course leads us on to the different although not unrelated question of the impact of inflation.

Table II. OVERSEAS EARNINGS—(£m.)

	1968	1969	1970	1971	1972
Companies (home/foreign underwriting business and income on direct and portfolio investment)...	90	111	111	137	169
Lloyd's (underwriting and interest)*	74	105	156	188	206
Brokers	34	42	50	55	58
U.K. net insurance income overseas including portfolio income	198	258	317	380	424
U.K. net insurance income overseas excluding portfolio income	160	215	270	330	370

* Three-year average. Source: "U.K. Balance of Payments," 1973, HMSO, table 50, page 56, Insurance.

Least optimistic

The pessimistic attitude of the insurers was well reflected in a recent survey of invisible earnings prospects carried out by the Committee on Invisible Exports. Of all the groups surveyed Lloyd's was the least optimistic. Not a single one of the marine and aviation respondents was more optimistic about either his own general outlook or his overseas prospects. The main limiting factor was unanimously declared to be overseas competition. The booming underwriting and broking profits of recent years have led to overcapacity in insurance markets, which in turn has led to growing competition and the increasing incidence of rate cutting. The level of profitability has, for example, brought many U.S. Life companies into the aviation reinsurance field, with a resulting loss of business for London and reduced premiums on what remains.

Perhaps the greatest threats come from an area where we have influence and where we shall have to use it if the U.K. insurance industry is not to be permanently damaged; and that is the EEC.

Harmonisation could bring all kinds of problems in its wake. Apart from premium taxes, to which there is great domestic opposition, the only directive so far relates to non-restrictions on the setting up of cross-boundary insurance subsidiaries within the EEC, which is by no means a bad thing for the U.K. However, the real danger lies in the Commission's attitude to foreign insurers setting up within the EEC. London has benefited tremendously from the accommodation of large overseas offices eager to gain a piece of the, mainly reinsurance, action. Restrictions on their activities could lead to both a loss of earnings and retaliation. Moreover, the Germans and the French are extremely worried about competition from the low-cost Lloyd's set up, so there is an obvious case for a much stronger insurance lobby at Brussels.

Too great a concentration on the immediate balance of payment problems of the terms of trade, world commodity prices and oil costs could lead to us allowing one of the most valuable and consistent sources of foreign earnings to be sunk almost without a fight.

CONTINUED FROM PREVIOUS PAGE

Advertising

concerned. This type of promotion can eat up cash and it is easy to see just why companies should be wary about it. But London and Manchester tried a campaign on Southern Television last year and more recently brokers Anthony Gibbs promoted themselves in the London area.

At the moment the only company—as far as I can discover—which is running a television advertising campaign is Norwich Union. The company stresses this is an experimental campaign conducted with the help of London Weekend Television. In this case it is an extension of Norwich Union's "corporate" advertising intended to reach a slightly wider and different audience. Norwich thinks the addition of movement and sound can add a new and different dimension to the advertising it has already been doing to promote its name. "We are trying to give an impression of our organisation as well as letting people know our name," is the way a spokesman explained the situation.

Norwich Union also advertises on two boards at Wembley Stadium and has been doing so for three seasons, the only insurance company to take "space" at Wembley. Again this advertising is just a reminder of the company name but Norwich Union frankly admits that the idea is to let the name be seen right round the world during those occasions when international soccer matches are televised from the ground.

Co-operation between the individual companies will obviously still take place when it suits them. The most recent example is the Company Pensions Information Centre, set up by insurance-assurance concerns, and which is behind the controversial "Recom-Pension" campaign.

The Centre has spent more than £400,000 on publicity and will repeat this spending next year. Some 130,000 mailing shots have been sent out; there is a programme of conferences in major towns and cities; and a number of full-page advertisements have given the campaign its impact.

However, it is heartily disliked by many senior men in the insurance world because, they maintain, it seems to suggest that there is only one pension scheme called Recom-Pension. In fact there could be tailor-made schemes for nearly every company or there is the possibility of industry-wide schemes. Where the campaign seems to have scored, though, is that it has genuinely alerted employers to the need to decide about their pension schemes. The size of this problem can be gauged by the fact that around nine out of ten of the 65,000 pension schemes currently in operation will need some adjustment in order to obtain official recognition. Urgency is important because the statutory date for beginning company schemes or opting for the State Reserve Scheme is April 6, 1975. Lord Byers, chairman of the CPIC, has commented: "I think the initial campaign has done its job in making employers more aware of their legal obligations. But we will now change the style of the advertising. I would like to make 1974 into 'Pension Year'."

Finally, a brief word about the Insurance Companies Amendment Act which received the Royal Assent in the summer of this year. This widened responsibility in connection with the advertising of insurance of all kinds. The new regulations apply to the form and content of insurance advertisements issued by "any" person. So brokers and other intermediaries will be just as much at risk as the insurers themselves if the advertising is at fault in some way. It seems, though, that the publisher will not be at risk unless he assists in the preparation of the offending text. But the advertising agent will have to watch his step.

INSURANCE IV

Prospects in the EEC...

By JEFFREY BROWN

On the face of things January 1 was just another academic milestone for the British insurance industry. Yet the day this country finally joined forces with the Common Market was of more than just passing significance for the U.K. insurer, or at least it was for the more far-sighted of that ilk.

For the most part British insurance is taking Europe very seriously if playing its role in relatively low key. The prospects are undeniable. The European market is an expanding one, Britain can help in that expansion and in the process generate a fair share of the extra trade for herself. To this end the British Insurance Association has had a European Committee in operation for some time while the three main broking associations in this country have recently formed UKIBEC, the United Kingdom Insurance Brokers' European Committee.

First directive

British insurance is of course nothing very new to the EEC. Plenty of big composite companies in this country have been operating in Europe for years, and so too have plenty of brokers. But the signs are that the way is being paved for still greater participation by British insurance companies. In July this year the first real directive finally emerged from Brussels. This dealt with the right of insurance companies to set up shop in Europe outside their country of origin, and in this respect it has proved an important first step in the harmonisation of European insurance.

However, there is still a long way to go between now and total harmonisation and if nothing else this is one fact that everybody within the EEC agrees upon. Plainly there are many long years of painful legislation ahead of the Community. The present establishment directive, for example, will not be complete for perhaps another couple of years, and all it acknowledges is the freedom of establishment. From now on the real problems are likely to arise. Many European countries take a protectionist attitude towards insurance, injecting (by U.K. standards) a heavy element of supervision and control into the workings of their insurance industries.

Moreover, there can be large differences in trading style. Except for Holland and to a lesser extent France, insurance brokers as we know them are virtually unknown and in fact are illegal in Luxembourg. As for the actual business of insuring the differences stem largely from divergences of attitude or philosophy. On the Continent life assurance is looked upon by both insurer and the public as a means of protection against death whereas in the U.K. the main emphasis, at least in recent years, has been on savings.

At the same time it can be argued that as State pension and other social security benefits are usually higher on the Continent than in this country, the scope for the development of private life assurance plus pension business generally is perhaps more limited. In all European countries the major part of the insurance business undertaken consists of endowment and whole life assurances. Annuity policies taken out individually are found with relative infrequence among the majority of the EEC member states.

From the point of view of the British insurance company one difficulty lies with matching up to the investment laws of many of the European countries within the Common Market. In certain cases a certain amount of the underlying assets of an insurance company have to be invested in the country concerned. There can also be local laws requiring insurance companies to keep a fixed percentage of their assets in foreign domicile. Obviously for an insurance company more aggressively concerned with investment performance — as perhaps the U.K. insurance industry is — such requirements can prove something of a disadvantage.

Decision making

However, it is apparent that there is a fairly high degree of flexibility on practically all areas of argument among all the countries within the European community and as far as the insurance industry in this country is concerned it is simply a matter of time before satisfactory compromises are reached by each partner in turn. The opportunities for expansion outweigh the short-term problems.

That opportunities for an expanding insurance market exist cannot be denied, and the present delays in harnessing its growth are probably a good thing from all points of view. They do at least provide each country concerned with an opportunity to contribute to the discussions and to share in the decision making. And given the potential and the eventual rewards of greater integration the betting, in this country at any rate, is that the discussions will prove fruitful.

It is never very easy to draw up precise yardsticks on the subject of future potential whatever the subject matter. But some of the scope for future trading expansion in the context of say life assurance can be gauged from the relative sizes of the life assurance markets in this country and those among the original members of the EEC. Both in absolute terms and proportionately in relation to population sizes, life sums assured among the original six members were in 1970 just 40 per cent. higher than sums assured for the whole of the U.K. In that year sums assured in this country were a full 55 per cent. higher than those in West Germany.

Obviously certain reservations must be made before interpreting simple comparisons among sums assured in relation to some very differing domestic backgrounds and on a three-year-old basis at that. But comparisons are inevitably going to be made and what statistics there are do give positive encouragement.

Direct competition between British non-life and life insurance groups and their continental counterparts is clearly going to become an increasing fact of life from now on. The non-life companies (the composites) are at something of an advantage since many of them already undertake considerable European business already. Such a tradition coupled with increasing competition leads inevitably to thoughts about cross-frontier marriages. Europe is still probably a long way away from outright mergers within its insurance industry but for a long time now many companies have lowered the national barriers to the extent of multinational working arrangements.

This is one line that the U.K. insurance brokers are currently pursuing through UKIBEC which since its formation in January has managed to build up contacts throughout the whole of Europe. Based on a rotating 12-man committee this wholly autonomous body is intent on voicing in Europe the opinion of the British insurance broker. For the most part brokers as we know them in the U.K. are unknown with most countries working through agents tied to one insurance company. The British style broker it seems is determined to remain an integral part of any enlarged European insurance scene.

...and work to be done

By A. H. HERMANN

Of the entire field of legal harmonisation, the measures proposed to bring about a common market for insurance are probably the most important and their effect on business is likely to be felt relatively soon after their adoption. The initial period during which Continental and U.K. negotiators were warming up to each other—and testing the opponents' negotiating skill and stamina—has now come to an end. The talks have moved from the little controversial technicalities of the two directives on the freedom of establishment for non-life insurance to the area of life insurance, freedom for cross-border services and screening rules for brokers and agents.

It is in this area that the real test will come: many of the proposals seen so far would, if adopted, rather restrict the existing cross-border business by applying more stringent bureaucratic fetters. In contrast with the internationally orientated British insurers who thrive on the freedom to contract as they please and a minimum of Government supervision, their Continental opposite numbers are mostly institutions centred on their local market and used to having not only contracts but also rates fixed by their supervisory authority.

Full cover

When the U.K. joined the Community it subscribed to two insurance directives already adopted. One concerned the freedom of establishment and of cross-border services for reinsurance and made no practical difference from the British point of view. The other, adopted in 1972, deals with compulsory vehicle insurance and will apply in the U.K. from January, 1974. From that date U.K. policies will provide the cover that is compulsory in other member States—a British motorist wishing to have the full cover of his U.K. policy extended beyond the risks compulsory on the Continent will have to make arrangements with his insurers before going abroad.

Two further insurance directives were adopted by the Council of Ministers on July 16, 1973, and these concern freedom of establishment and co-ordination of rules for direct insurance other than life. During the discussions which preceded the adoption of these directives both sides moved closer together: British rules on supervision have been tightened up while the EEC Commission adopted a more liberal attitude on many points. Under these directives, insurers can establish branches in other member States if they meet conditions laid down in the directives, such as solvency margins—though these are not much different from those maintained in the U.K.

The supervisory authority of the host country will have to satisfy itself that the insurer is fulfilling conditions laid down in his home country and the second of the two directives indicates in general terms what these conditions should be.

The agency or branch will have to maintain local technical reserves calculated according to the host country rules and present accounts in respect of local business. In the case of the localisation of reserves for marine and aviation business it has been agreed that further consultations will take place before any new requirements are imposed. National rules will have to be harmonised within 18 months expiring in January, 1975.

The draft directives on freedom of establishment in life insurance, discussed at present between London and Brussels, follow closely the pattern of the non-life establishment directives. British negotiators are trying to secure for the U.K. industry the ability to act freely within its actuarial principles and to find a way for branches of composite companies into France and Germany which do not normally allow them. The EEC Commission would like to see the two life insurance directives adopted by the end of this year.

Gradual approach

Last month the EEC Working Party of the European Insurance Committee called on the Commission to speed up the establishment of a Common Market for Insurance, particularly by bringing about a freedom for cross-border services. This is a thorny problem and the Commission proposes a gradual approach—first should come a directive providing freedom for insurance services in respect of transport, and industrial and commercial risks only. In this area the need for protecting the policyholder is felt to be less than elsewhere and consequently also the use of this concept for keeping foreign insurers out is more difficult to defend.

So far as freedom of services is concerned, the present attitudes differ greatly from one country to another. Belgium and the Netherlands are liberal but Italy does not allow its residents to contract insurance outside the country and France only exceptionally. In West Germany supervised insurance — fire, motor, accident and life—may be placed outside the country only by correspondence and not through agents. Other insurance, particularly marine, is generally allowed to be placed outside Germany.

The two problems which will have to be solved before a directive liberalising insurance services can be agreed are that of insurance contract and of taxation of insurance premiums. The basic British attitude to the insurance contract is that parties should be free to agree whatever they like and, if it comes to a dispute, the courts will sort it out. The Continental attitude is just the opposite, the insurance contract is defined by statute and often by the supervisory authority who imposes a model policy.

The other big problem is taxation of premiums. These are heavily taxed in the Continent and not at all in the U.K. The elimination of "distortions" of competition being the main aim of the EEC harmonisation policy, the Commission claims that this is an unfair advantage for British insurers and must be removed before there can be freedom for insurance services.

Finally, there are two draft directives on freedom of establishment for brokers and agents and the discussion of these between London and Brussels is only in an early stage.

British legislation, which does not distinguish between brokers and agents, puts certain constraints on the actions of intermediaries but the EEC proposals raise a number of further questions concerning the protection of policyholders. Protection of clients' money in the hands of intermediaries could be obtained in different ways, for example by insurance.

Some changes in the present U.K. arrangements for the handling of insurance business by intermediaries would be probably made sooner or later for purely domestic reasons, but the EEC proposals are likely to speed up this process. On the other hand, it can be hoped that the Commission will re-think its proposals in view of the dramatic change which the enlargement of the Community effected in its overall insurance scene.

Campaign puts pensions under the spotlight

By ERIC SHORT

As a newsworthy subject ...nsions have always been ...tched in a low key. Suddenly. ...er the past year, it has shut ...in the ratings. It has now ...come the subject of a consider...le output of articles, and ...ch in-depth discussion.

One factor which has been ...sponsible for bringing this out has been the massive ...vertising campaign run by the ...mpany. Pensions Information ...ntre, the offspring of the first...er combined effort by the life ...surance industry. To be fair, ...e objective of the Centre is ...get across the pensions mes...ge, not to sell insurance. The ...ntre accepts that its work is ...the benefit of other pension ...terests.

Life assurance companies have ...en selling and administering ...rious types of pension schemes ...generations. The growth of ...e services available and of the ...pes of schemes on offer has ...en steady but unspectacular. ...us by the time the pension ...ans of the present Government ...re unfolded in 1971, there ...re some 50,000 pension ...hemes administered by life ...surance companies covering ...me 3.5m. employees and ...nsioners.

What made it necessary for ...companies to embark on ...ch a combined venture? After ...as individual companies ...y had not been exactly idle advertising their wares in the ...nsion field, even if such adver...ing has tended to be selective ...d not the blanket approach ...ich has now been adopted.

It was the time scale, or ...ther the lack of it, imposed by ...e Government between the ...nouncement of their proposals ...d April 6, 1975, the statutory ...te for the commencement of ...e State Reserve Scheme. For ...mpanies have to inform their ...ployees by, at the latest, ...ree months ahead of this date ...ether they are including them ...the State Reserve Scheme. ...is could well happen by de...ult if companies have not a ...cognised private pension ...heme well on the way to com...etion by then.

The Government proposals, ...w on the statute books, gave a gigantic, once for all, boost to the private pensions industry. But in doing so, they also highlighted two big problems which have to be overcome during this short space of time. The first was to get the pension message across to those employers who have no private pension scheme.

The second was to point out the problems arising in making the necessary adjustments to existing schemes, about 90 per cent. of all schemes, to bring them in line with, or up to, recognition levels and, in particular, to warn employers of the log jam that will inevitably build up.

Two headings

Before considering the impact of this campaign, it is important to consider the sort of product which is being advertised and to assess what life assurance companies have to offer in the pensions field. First, there is the expertise required to set up a pension scheme, acquired from being in a very competitive business for a long time. This expertise falls under two headings.

One is to advise on the level of benefits to be provided under the scheme and to calculate the costs, immediate and future, of providing such benefits. This has become an even more important feature now that the benefits have to pass the recognition tests.

The other role is providing help and advice in the administrative work involved in setting up a pension scheme. This is complex and time-consuming, with legal and tax conditions to be complied with. It is no light task for the layman and the life assurance companies are able to take most of the load off the shoulders of the employer.

Next, there is the routine work of collecting contributions and paying out benefits. Again, life assurance companies can give considerable help making use of the computer techniques developed over the past decade.

The third area in the pensions field where the companies have much to offer is in the investment of the funds assets. The success of a pension scheme, costwise, is dependent entirely on the investment performance of the underlying fund.

Life assurance companies have been involved in the investment of funds for a long time. The development of a mixed fund containing a three-way investment of fixed-interest, equities and property was made long before the term "managed funds" was coined. The expertise acquired has been reflected in the performance achieved by the funds under their management.

There are various ways in which investment help can be given, depending on the type of pension scheme set up. As the form and variety of such schemes have grown, so has grown the form and variety of investment services available.

When life assurance companies first started selling pension business, it was usually written as part of the main life assurance fund. Thus the investment performance of the pension scheme was entirely the result of the investment performance of the life fund. The whole responsibility for investment decisions, both strategic and tactical, lay entirely within the province of the life assurance companies. By and large, the record of such performance has been a good one. Even now, with all the sophistication that has appeared on the investment scene, a large number of pension schemes, especially the small ones, are still invested in this way.

Wider policy

From this theme several variations have been devised. The increasing proportion of with-profits pension business written has meant that a much wider investment policy can be followed, with greater emphasis on equities and property.

The exemption of pension funds from tax liability meant that the funds administered for this purpose by life assurance companies could compete, in investment terms, with private self-administered schemes.

Now has come the "managed fund" concept. The impact of the unit-linked approach to investment management has radically altered pension fund investment. Much has been said and written on this concept, but the main effect has been that instead of the assets of a particular scheme being a relatively unknown part of one huge fund, they are now separate and quantifiable.

Life assurance companies offer several types of units—equities, property based, three-way funds and various permutations of these. The employer can have complete control of the investment strategy of the pension fund, if he so desires, by choosing the units in which the assets are invested. The tactics within the funds chosen are left to the life assurance company, the experts in investment tactics.

Alternatively, the employer can seek the advice of the life assurance company, or other investment advisers, in deciding in which sectors of the market to invest. Or, as before, he can leave all the investment decisions to the life assurance company. But in all cases the employer knows the value of the pension fund assets.

Now there is a further move in the investment field. More emphasis is being given to the investment management services aspect by offering to self-administered schemes an investment management service, similar to the services offered by merchant banks and certain stockbrokers. Time will tell whether this further move will prove to be as much used as the other investment services. Finally, the life assurance companies can underwrite the mortality risk, both before and after retirement, underlying the benefits of pension schemes. Indeed, this is a prime function of life assurance.

Having considered the product being offered, what success has been accomplished so far?

In getting across the pension message, it has been highly successful. There have been a number of enquiries arising from the campaign from employers with no private pension scheme. Certainly, these have exceeded all expectations.

But in driving home the need to bring existing schemes up to recognition levels, the response has, so far, been sluggish. Admittedly, the emphasis of the campaign has been primarily on getting the pension message across. A switch to the second theme has just been made and not before time. The last sample survey showed that only some 6 per cent. of the necessary amendments have been finalised, while a further 19 per cent. have the recommended amendments under consideration.

The Government has not exactly helped in coping with the time problem. The spelling out of the exact recognition requirements and the setting up of the Occupational Pensions Board have proceeded at the usual official pace, which in the circumstances has been far too slow.

This has meant that action has had to be deferred in far too many cases, because people want to know precisely what is happening. The Centre has warned of the log jam that will build up. It could be even worse than feared.

Meanwhile, the life assurance companies have been continuing their work in the pensions field, expanding their business in both quantity and quality. They face such immediate problems of "inflation-proofing" of pensions and harmonisation within the EEC. No doubt, they will surmount these as they have dealt with the problems that have arisen in the past.

Better staff relations

By DAVID WRIGHT

The period covering the past few years or so has seen a considerable change for the better in the standards of staff relations in the insurance industry. A number of formal recognised agreements have replaced the old fashioned methods of industrial relations that were adopted in the past. This improvement is a result of a number of factors notably the Industrial Relations Act and the expansion of the various unions represented in the industry.

One union that has really grown in importance is the Association of Scientific, Technical and Managerial Staffs, which under the drive of Mr. Clive Jenkins has virtually doubled the number of members in the last three years. In November, 1970, the ASTMS joined forces with the Union of Insurance Staffs and at that time there were some 25,000 members. At the latest count the number of members totalled well over 45,000 or about 25 per cent. of the complete labour force in the insurance industry.

The ASTMS has agreements with a number of the leading insurance companies which include the Pearl, Norwich Union, Co-Op and the Prudential and Royal where there was a merger with the staff associations. As yet there has been little penetration in the insurance broking field except for one small concern.

Fully registered

Not all the staff associations, however, have been so eager to merge with the ASTMS as has the Prudential and Royal. Indeed, many have gone to great lengths to keep their identity. Some have even become fully registered as a trade union under the Industrial Relations Act despite the protests from ASTMS that they have shown insufficient independence from the employers. Guardian Royal Exchange was the first insurance companies staff association to become a trade union, followed by the Commercial Union.

The ASTMS are evidently continuing their challenge to the right of these staff associations to become unions although earlier this year they did have their request for an inquiry into the Commercial Unions staff associations recognition turned down.

One active dispute that has been going on for some 18 months is at General Accident. Here both the staff association and ASTMS are striving for sole recognition: the Commission of Industrial Relations has come out in favour of a single organisation but the Staff Association of the General Accident has turned down the merger moves from ASTMS. A postal questionnaire showed that 50 per cent. of the staff indicated that they would be willing to accept recognition of either of the two unions while 39 per cent. rejected sole bargaining rights. However, there was an overwhelming majority in favour of some sort of employee representation.

Not all the energy of the two unions has been spent on carving a bigger slice of each other's cake for both have accomplished some worthwhile achievements of late.

One notable achievement of ASTMS has been the introduction of flexible working hours. The first insurance company to sign this agreement was the London and Manchester in September 1972. The agreement meant that the staff could if they so wished work a four-day week. The staff would have to work a 35-hour week but they could choose their own working hours between 8 a.m. and 7 p.m. apart from a couple of periods that were compulsory. These two periods were between 10 a.m. and noon and 3 p.m. to 4 p.m. Time clocks would be used to check the number of hours worked.

This was the first deal of its kind in the City and it enabled staff to save on train fares, travel out of rush hours and occasionally allow a three-day week, thereby increasing the amount of leisure time. Such has been the success of this agreement, although there was a certain amount of criticism of the need to clock in, has led to a number of other insurance companies signing. The Prudential, Royal and Pearl are all now on flexible working hours.

The staff unions have also made a certain amount of progress. At Guardian Royal Exchange, for example, the union has negotiated a grading structure, annual wage increases as well as an improved lunch facility. There has also been a guaranteed severance clause written into the contract of employment which will act as a safeguard for the possibility of redundancies resulting from mergers and take-overs in the industry.

Thriving unions

While the conflict between the staff associations and the ASTMS may have taken the limelight it should not detract from the fact that there are a number of other thriving unions associated with the insurance industry. The most significant of these is the National Union of Insurance Workers, which has about 37,000 members and is well established in the home insurance workers. This union has been in the news lately over registration problems with the TUC. The union itself is deregistered but five of its 12 constituent sections are still on the register and are refusing to fall in line with the TUC's policy. The NUIW has been warned that if it fails to find a solution it will be expelled from the TUC — the five registered sections will decide in January what steps to take, but if they decide to stand their ground this could lead to member poaching from ASTMS.

It is clear then that industrial relations are now on a different wavelength in the insurance industry. The ASTMS and the individual staff union are bound to have their strong disagreements. ASTMS is always pushing that it has the proven experience in other white collar fields and is best equipped to represent the insurance industry. On the other hand the individual staff unions feel that "in house" negotiations bring the best results and that across the board agreements are out of the question given the different levels of finances and circumstances noticeable from company to company.

Anyway the competitive climate must be to the good of the staff in the industry. Before the Government wage restriction there had been a considerable improvement. But even when the green light is given again there is still a long haul ahead of the unions before the staff in the insurance industry once again reach the level of financial status they enjoyed in the distant past.

INSURANCE VI

A voice in company affairs

By PETER FOSTER

When, getting on for two years ago now, Sir Leslie, now Lord, O'Brien, put forward the point of view that large institutional shareholders have not only the ability and the right but also the moral obligation to influence the actions of the corporations in which they hold an equity stake, there were broadly three forms of response. Two of these were "City" views and the other was that of "outsiders." The outsiders said that they did not like the idea of the City policing itself, because it either could not, or would not, be able to check all the abuses that were meant to be going on within the City square mile.

The insiders either welcomed the idea, perhaps, to take a cynical view, realising that unless something was done to clean up the "unacceptable" capitalist faces that sometimes sprang into view then their financial bastions would be stormed; or they claimed that such concern with corporate management was no part of their brief. These latter claimed that their interest was solely in financial return, and that this should be their main criterion if they were to serve the interests of those whom they either insured or for whom they provided pensions or managed unit or investment trusts.

In some ways the insurance companies proved to be the odd men out in the initial steps to form a central organisation which would deal with matters of corporate management. A working party was set up by the Bank of England which consisted of representatives of all the principal institutional shareholders. This reported exactly a year ago that the Association of Investment Trust Companies, the Association of Unit Trust Managers and the National Association of Pension Funds had agreed to form an organisation which would perform the functions which Sir Leslie had outlined. However the British Insurance Association, while it said that it was willing to co-operate in individual cases, claimed that it felt unable to be a full member of the organisation as it was then proposed. This was mainly because it was unwilling to appear to accept the prime responsibility for monitoring and improving the management of companies, and also because it was reluctant to join an organisation which might be "prejudicial to the control of investigations by any of the institutional shareholders of the company concerned."

Joint committee

Subsequently however, when the BIA saw the form which the organisation was taking, it agreed to become a part of it, so that the new Institutional Shareholders Committee now consists of all four major institutional shareholders associations. This new Institutional Shareholders Committee is administered by a joint standing committee of the chairmen of the sponsoring bodies, with secretarial services provided by the constituent associations who are shareholders in the companies concerned. These committees are, in appropriate circumstances to be assisted by experienced industrialists or financial consultants, and may encourage companies to enlist the help of professional advisers.

Since its inception little has been heard of the Institutional Shareholders Committee, but this is perhaps not surprising. News that the Committee was investigating or consulting with the management of any particular company would have fairly predictable effects on that company's management credibility. The ISC in fact made it very clear in a Press announcement which appeared in the Bank of England Quarterly Bulletin earlier this year that it was very conscious that the co-operation of company managements was dependent on the absence of publicity, and that no public statements would therefore be made about any of the activities of the case committees.

Nevertheless, the British Insurance Association has shown itself very willing to speak out on its own behalf when it comes to the more general aspects of institutional shareholding. In July of this year the Association's own investment protection committee set out some very tough guidelines relating to share executive incentive and option schemes. The suggestions were in fact controversial in several respects. It was recommended that shares should not be issued to participants in incentive schemes, nor options given to purchase shares, at below the market price. This however is just the sort of scheme which many companies, under the guidance of their merchant banking advisers, have been introducing. However, the vast weight of the Association's voting power could present a very significant obstacle to the introduction of such schemes. In fact under last year's Finance Act top level schemes were allowed to issue shares down to a *minimum of 80* per cent. of the market price. The BIA guidelines by contrast took the view that the option was attractive enough in itself without the need for a discount as well. The guidelines also stressed that directors should distribute the incentives in such a way that sufficient reserve benefits were left for future generations of executives. The BIA's militant attitude is in fact reflected in the recommendation to its members that they should oppose any scheme which does not follow the conditions laid down

Share schemes

More recently—last month in fact—the BIA came out in opposition to discounts on share saving schemes, which came in under this year's Finance Act. Despite Stage Three the Government is permitting employ... in the interests of boost... savings, to buy shares in th... companies after entering SA... contracts for five or se... years. Under the Finance ... 1973 discounts of up to 30 ... cent. are allowed on share p... chase schemes for employ... while discounts of only 10 ... cent. are now allowed on th... option schemes. The BIA ... also called once again for ... limit on the total issue of sha... in relation to the compa... total share capital—in this c... to 10 per cent.

The BIA has thus shown ... self willing, and able via ... financial muscle power, to st... up for its rights and make p... tive recommendations when ... comes to the possible dilu... of its equity holdings. T... year we have also seen ... action of the institutions p... most effective in the Distille... Thalidomide case. An ove... "Social Brief" approach is ... likely for the moment and ... haps ultimately undesira... The piecemeal interventio... the BIA and the Institution... Shareholders Commitee can ... a great deal to influence ... performance of companies.

Business from overseas

By JEFFREY BROWN

London is one of the biggest international insurance markets in the world. That being the case there is nothing unusual in the fact that a large number of overseas insurance companies have established a physical base in this country, that the number is growing annually and that, if anything, Britain's recent membership of the EEC is likely to accelerate this trend.

Overseas insurers are drawn to this country for a variety of reasons, but pre-eminent among them is the very global nature of the London insurance market. The domestic market for insurance in the U.K. is a big one, but the majority of foreign companies who set up shop here do so because of the massive inflow of insurance business that comes to this country from every part of the world. Direct insurance is a big factor, but so, too, is reinsurance with the Lloyds market a veritable sponge for any insurer who wishes to lay-off his commitments.

But the actual physical size of the insurance market to be found in this country is only part answer to the attractiveness of Britain to the outsider. It is the most important part, but nonetheless still only part, and for the rest of the key one must look to the sheer freedom (both of access and movement) of the British insurance market. The DTI keeps a vigilant watch on the doings of insurers in this country, but unlike Government bodies in many parts of the world it does not try to dictate.

Because of historical connections many of Britain's overseas insurers come from Commonwealth countries or English speaking countries like the U.S. Ten years ago these regions would have totally dominated the overseas insurance market in this country but to-day such a statement no longer rings quite so true. Not only have the Europeans been invading these shores but so too in recent years have the Japanese.

Obvious example

Of course many overseas insurance groups have had a base in the U.K. for a long time. The Zurich Insurance is an obvious example. It was formed here in 1922 and is just about the biggest competitor the U.K. domestic insurers have to face from overseas. As a composite, the company operates successfully in the field of private motor and fleet motor insurance and the two probably account for something like half its total business. Fire business is also important.

Unlike its Swiss parent which operates along rather more confined European lines, Zurich of the U.K. has had plenty of time to blend in with British insurance traditions. The company is enthusiastic about the insurance market in this country, but then given its relative entrenchment it can probably afford to be.

In the life fields whatever share of the market overseas companies have—and it is probably well under a tenth—it would seem that the lion's share is held by Australian and Canadian groups. The presence of these old Dominion companies is readily explained by historic ties and by the fact that in their beginning they were largely staffed—in terms of actuarial and investment expertise—from this country. If such companies have tended to conform to British patterns in terms of contracts offered to the public they have also differed in the nature of their sales organisations.

More aggressive

Instead of the part-time agents and brokers used by many U.K. insurance companies, many of the overseas groups in this country employ specialist salesmen and on the face of things they might appear to be that much more aggressive, or sales orientated. That at least may have been very much the case say ten years ago but for the most part British insurance has kept in step with the times in relation to the demands of its domestic market. However the influence of the overseas intruders has done much to update the marketing procedures of the typical U.K. life company. This influence has probably been second only to the rise of unit-linked life assurance over the past decade.

One interesting point is that while the majority of overseas companies operating in this country have preferred to come in as a branch of the main life company, others have decided to set up U.K. subsidiary companies. Perhaps the major reason for this second approach has been the simplification of the tax problems that it achieves. However, this may be at the expense of other less obvious tax advantages.

It is quite usual for a subsidiary to be registered in the U.K. where an overseas life company has decided to enter the unit-linked field. This offers one very real advantage in that the parent company does not have to conform to U.K. legislation and make statutory returns in this country. Longer term, it is obvious that many overseas companies now registering here are doing so because of Britain's entry this year into the EEC. For many of them there is no real language barrier and clearly there are few places better situated than London if a life company wishes to make the continental mainland something of a hunting ground.

However, harmonisation of European insurance under the Treaty of Rome is still a long way off, so for the moment companies setting up shop here with an eye to Europe are simply in the position of operating long-term springboards. On the other hand when some form of European harmonisation does materialise the pickings could be substantial. Europe is a mass market, a prosperous market and a growing market. And there should be plenty of opportunity for aggressive life assurance selling.

As far as this country is concerned, overseas insurance companies have not had an easy time. Breaking into a highly established market is always difficult and perhaps doubly ... in the context of a somew... conservative product ... insurance, whether it be ... assurance or accident ... writing. But some overs... companies have found a ni... Sun Life of Canada is ... example and then there is I... (Insurance Company of No... America) which has now b... established in the U.K. ... nearly 20 years.

Many overseas compa... have concentrated on ... personal accident market w... others have concentrated ... sickness benefits and med... schemes in direct competi... with the likes of BUPA. ... in general there are very ... cases of a foreign compet... offering the British pu... something that a home-gro... insurance company has b... unable to.

Inflation hits profits

By PETER FOSTER

Growing rates of domestic and world inflation are undermining profits in almost every sector of insurance. The only circumstance in which the insurer stands to gain seems to be that of fixed-sum contracts, such as the non-profit endowment policy, where the company undertakes to provide a fixed sum at some time in the future and the real value of the liability falls in direct proportion to the rate of inflation. The other type of insurance however, indemnity cover, where the insurer undertakes to provide against loss or damage up to a fixed limit, is constantly being *hit by rising costs. This is the* form of marine, aviation and motor insurance, and also of house protection, although in this case the burden of inflation may fall on the house owner.

The fundamental problem is one of increasing repair costs relative to the total value of the object insured, which applies most strikingly to motor and marine insurance. The point is that insurers seem to have been taking insufficient account of repair cost inflation when they have worked out the mix between total loss and partial damage claims. The total loss claim will, in most cases, be unaffected since it will normally be for a fixed sum. However, the escalating cost of repairs means that the partial damage element in the premium mix has, in recent years, been constantly underestimated. The long term effects of this can be examined analytically by regarding the total cost of the insured vehicle or ship in terms of "repair hours," an exercise which was carried out last year by the Munich Reinsurance Company. They found that in 1950 the price charged for a Volkswagen was the equivalent of around 2,000 repair hours. By 1970 this had been reduced, or rather costs had expanded, so that the cost was equal to only around 250 repair hours. The implications are obvious. Cars are going to *be written off these days with a* degree of damage which would have been economically repairable just a few years ago, while when they can be repaired the costs are constantly going up. It has been this inability of motor insurers to realise the degree of increases in cost which has led to low, or negative, profits in motor insurance in recent years and, in the case of one well-known large company, bankruptcy.

In the marine field the same principles apply, but here the situation is aggravated by at least two factors; first the fact that insurance cover is sometimes given for longer periods, thus leading premium levels to grow more and more out of line with costs, and secondly, the fact that the major ship repair yards are mostly overseas, mainly in countries like Japan, Germany and Holland. All of these have strong currencies against which the pound has been falling in value, which of course provides a further upward twist to the inflationary spiral.

Aviation repairs

The aviation insurers by contrast are not so involuntarily involved with the ravages of inflation, first because many policies are written for only one year at a time. Another difference is that a marine repair may be postponed for some time, if it is not serious in nature, whereas aviation repairs are usually such that they have to be carried out *immediately* if the aircraft is to fly. Perhaps the most important factor however, is that there is a much higher ratio of total loss to damage exposure for aircraft. Accidents tend to be total write-offs. Thus the aviation insurer is much more certain of the sum involved and does not have to take so much account of either cost inflation or exchange rate fluctuations, both of which ultimately have the same effect. The total loss exposure for an aircraft is in fact something like 75-80 per cent. of the risk.

Another feature is that an aircraft will probably have a shorter life than a ship, and that its value will almost certainly decline over the years due to technological obsolescence. In some policies the insurer has the right to replace the aircraft rather than pay out a cash sum. This is perhaps more often the case where older aircraft are being insured. In commercial deals however, an agreed value policy is more common, which has to take account of the "moral standing" and the equity interest of the owner of the aircraft.

When it comes to personal liability the aviation field differs considerably from others. There has been a good deal of wrangling in recent years over the limits to passenger liability. The first international convention on the subject of such liability was the Warsaw Convention of 1929, which was incorporated in the Carriage by Air Act of 1961 in this country and which had in fact been modified by The Hague Convention of 1955. These rules apply to most countries and state that the limit to the carriers liability is currently around $18,000. For aircraft flying to and from the U.S. the limit is $75,000.

These figures are of course very low and have been made to look more and more ridiculous by the march of inflation. One of the reasons for setting a relatively low level of personal liability initially was the fact that the airline operator had little effective defence against such claims. The limit does not apply in cases of gross negligence but there was a move at the convention at Guatamala in 1970 to increase the overall limits to $100,000. This motion was in fact not carried because the U.S. still regarded it as too low while the emergent nations considered that it was too high. The continuing low limit of liability and increasing technological sophistication means that claimants are constantly seeking ways of avoiding the limits, in some recent cases by actually suing the manufacturer rather than the flight operator. It is now becoming easier to establish the cause of accidents through the use of in-flight recorders, so this is a loophole which is likely to be increasingly exploited until the legal limits are changed.

Housing market

Accelerating inflation obviously leads to the increasing incidence of under-insurance This has become true over the past few years in the housing insurance market in particular. Somebody who last insured his house say two years ago would have seen the market price probably soar above its insured value, with the consequent possibility of losing a great deal on a full claim. However if there is a partial claim this may present difficulties to the insurer. In this case there is the possibility that only a portion of the claim may be paid, since one of the conditions of many policies *is full insurance.* However in most cases it may prove better for public relations to pay out rather than with*hold full payment. One possible* area to examine here might be some form of indexing system whereby premium cover moves *in line with house values.* For the other forms of insurance however the only solution to declining profits is for insurers *to start making sufficient pro*vision in cover for increasing costs. Unfortunately the currently dull state of many *markets* is making this *impos*sible.

Move back to gilts by investment managers

By BARRY RILEY

Will inflation slow down or will it continue the gradual acceleration which has been a feature of the past decade or so? How can a sensible investment policy be planned when the yield gap between fixed interest assets and equity-type investments has widened to an unprecedented degree?

These are some of the questions which dominate the thinking of the men with the largest investment responsibilities in Britain — the investment managers of the major insurance companies.

Last year the total net new investment by insurance companies was a massive £1,618m., of which long-term (life) funds accounted for £1,251m. and general funds £368m. That left the long-term funds with total assets of £16,574m. at the end of the year, an increase of 10 per cent. on the end-1971 level. General funds increased just over a fifth to £2,528m.

The build-up continues inexorably. In the *first six* months of 1973 the long-term funds have sunk over £700m. into new investments, against some £140m. by the general funds and £280m. or so for private pension funds.

With such huge funds to manage, the insurance companies inevitably find their freedom of manoeuvre is distinctly limited. They can hardly switch in and out of short-term situations like a stock market dealer operating a personal account. Nevertheless they can make significant adjustments to the balance of their portfolios by careful direction of the incoming funds. Thus it is revealing to study the changing patterns of new investment.

Equity boost

The feature of 1972 was a sharp increase in the investment of funds in the equity *market—for all insurance com*panies combined this represented 42 per cent. of new assets against 30 per cent. the *previous year.* But the proportion going into gilt-edged securities dwindled sharply from 41 to 18 per cent. (although the latter was still a higher percentage than in any other year since 1967).

Surprisingly it was an off year for property, which took only a tenth (against a fifth) of new net investment. In absolute terms, property investment dropped a third.

But so far in 1973 the pattern of insurance company investment has been quite different. Property has romped back into favour, absorbing more cash in the first six months than in the whole of the previous year. Equities have slipped right down the popularity scale, however, to be offset by a partial resurgence of interest in gilts, while short-term funds have been piling up—to the extent of nearly £170m. extra.

The recent increase in the volume of liquid funds is hardly surprising in the light of the high short-term interest rates which have been operative—especially in the early spring and again from mid-July onwards. If fund managers can get a return of 13 per cent. or so in the money market they can profitably postpone any commitment to long-term assets.

All the same, investment managers like to switch into long-term assets without too *much delay. That could explain* the surge of money into gilts during September and October, sparked off by signs (premature as it turned out) that short-term rates were peaking. And it has been easy to buy gilts in very large quantities — just recently the Government Broker has been very happy to supply them on a huge scale to finance the Exchequer's borrowing requirement.

Property values

Supply-and-demand factors have strongly affected the property market over the past year or two. During 1972 property values were shooting up fast, sellers became inclined to hold off for higher prices, and the insurance companies generally became unwilling to compete with property bond and pension funds in chasing values ever higher.

For much of 1973, however, *the market has been much more* nervous in the face of Government threats to control rents (mostly abandoned, in the *event) and* property has been more freely available. And quite apart from investment in completed properties, insurance *funds have prior* commitments to finance new developments; these forward commitments are probably responsible for some *of the increase in property in*vestment apparent this year.

On the other hand, equities have had some of their appeal *taken* away by dividend restraint, and fund managers have been able to wait for prices to drift downwards.

In any case, some of the larger funds now feel that the proportion of their assets in equity-type investments (which include properties) may have risen too high. The bare official statistics may suggest that Ordinary shares account only for just over a quarter of all long-term funds and property an eighth, whereas gilts and company debentures, taken together, run to some 40 per cent. But this is deceptive.

Equities and property are included at book value, but the market values will be considerably higher, particularly for property assets. Gilts, by way of contrast, are taken in at nominal value, whereas the market values, it can be reliably assumed, will be lower. Some funds, therefore, may be in the position of having around three quarters of their overall portfolio in equity-type assets.

Fixed interest

Since this situation has arisen very largely because equity-type investments have outperformed their fixed interest counterparts over the years, it might seem curious that the insurance companies should want to correct the balance by putting more new money into what have proved historically to be poor investments.

There are several explanations. First, to the extent that life funds still have fixed liabilities (such as annuity business) it makes sense to match against fixed interest assets of corresponding maturities, thus eliminating risks. But these days, of course, most policies are sold with participation in profits.

The second point is that the so-called reverse yield gap between equities and gilts has reached record proportions. The *dividend yield on equities* (restricted under the Stage Three Code) is only about 4 per cent., while around 12 per cent. can be had from gilt-edged stocks. So equities must produce capital growth of some 8 per cent. (depending on the tax position of the fund) to prove a worthwhile investment. At the present time nobody can feel very confident about that.

The institutions have also bid prime property yields down to around 4 per cent. and on recent trends the scope for growth is probably considerable. But the political risks are high, whether in terms of rent controls or new property taxes.

Another way of looking at the equity v. fixed interest problem is to remember that the fund managers have to hedge their bets. They are long term investors, and they have to cope with a situation where the rate of inflation could either rise or fall.

If it rises, funds will rely on their equity-type assets: in those circumstances gilts would continue to be a disaster area. But if inflation tails away—and it has to be accepted that this might well be in the context of a serious slump in the economy —high coupon long gilts could sell at a large premium over nominal values, offsetting the inevitable collapse in equity and property values. In this sense, gilts can be seen as the long term funds' own insurance premium.

New slant on life business

By KEITH LEWIS

Most of the action in the life assurance industry in recent times has been on the unit-linked side. The advent of "investment bonds"—property, equity or mixed—and of Guaranteed Growth and Income Bonds—both really various forms of annuity—has put a new slant on the industry. In the past, life assurance has been used mainly for "savings" or the accumulation of capital through regular premiums. The difference now is that life assurance, for various reasons, has now become a home for lump sums. In other words the accent is now on "investment" rather than "savings."

Life assurance legislation, which is occasionally vague and open to wide interpretation, is now being exploited to the full. The existence of Guaranteed Growth and Income Bonds relies entirely on a tax situation in an annuity fund. So long as the fund is paying out more in immediate annuities than the income that is accruing to investments in that fund, that income remains tax free; this can therefore be passed on to bondholders (less expenses). Hence the phenomenal rates of interest that are being offered on two-year money. Couple that with the magic word guarantee and it is no wonder that these bonds were the real hit of 1972; one fund alone is reckoned to have pulled in more than £100m.

As regards the single premium investment contract, the property bond is only able to invest directly in property—unlike the unit trust which is confined to equities—because it is regarded as a life fund and therefore comes under life assurance legislation. Although the fund is unitised on the same basis as a unit trust the freedoms for the vendor are that much greater; it can be sold door-to-door, it can invest in whatever assets it pleases—in theory it could even mount a take-over bid for a public company—and there are no trustees to govern investment policy or vet advertising material.

Tax allowable

Furthermore, it is actually more lucrative for the vendor since with a life fund expenses are tax allowable. A 5 per cent. initial charge becomes considerably more in cash terms which explains why the "bonds" can apportion far greater sums to advertising and promotion than, say, the unit trust promoters—and anyone else in the savings arena for that matter.

However, it would be quite wrong to suggest that orthodox with-profits endowment policies are dead, or even dying. These funds have been investing in property, equity and fixed interest for years; the difference is in the packaging and marketing strategy. And, of course, the construction is quite different in that the return to the policyholder is governed by actuaries' decisions on bonus rates rather than on direct portfolio performance.

To put the two forms of policy in perspective, the Life Offices Association figures show that the number of unit-linked policies in force in 1970 was 940,000, in 1971 the figure was 1.1m. and the 1972 figure, soon to be released, is expected to be of the order of 1.3m. The same figures for traditional ordinary life are 13.5m., 14.1m. and an estimated 15m. respectively. Industrial business is actually on the wane, however—this is the business collected at the door by representatives—and the 1972 figure, if historic trends are anything to go by, should be 71.9m., against 73.9m. in the previous year and 75.9m. in 1970.

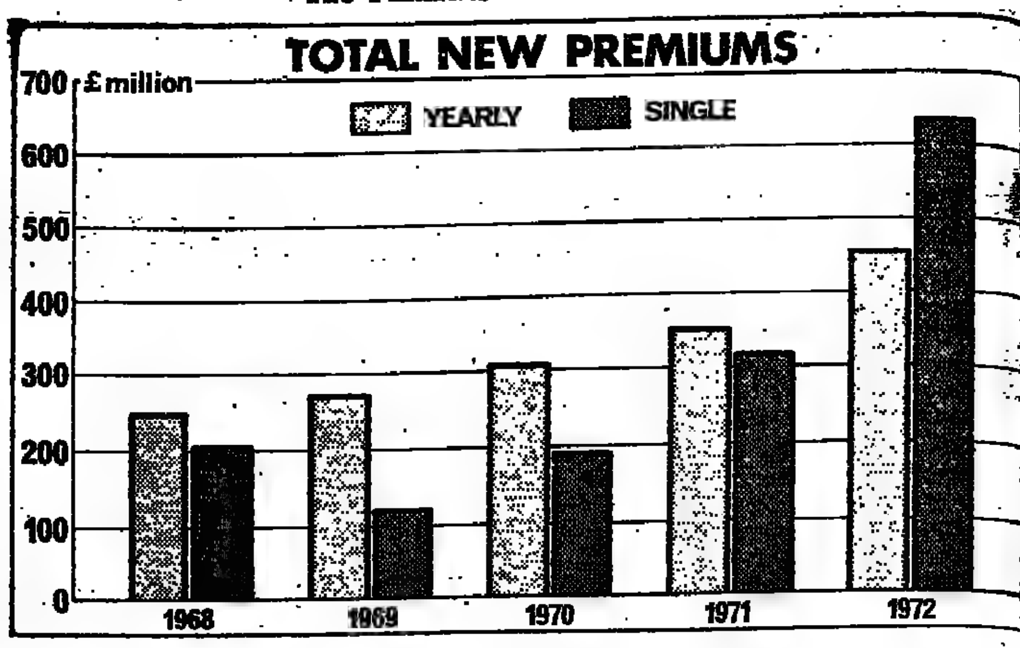
In cash terms, single premium investment linked policies attracted £53m. in premiums in 1970, £104m. in 1971 and a staggering £300m. last year. The regular premium linked business moved in a £66m., £86m. and £100m. sequence. Single premium ordinary life (the traditional policies) are not that significant, remaining at a fairly constant £15m. per annum. But the ordinary life regular premium—this would include with profits policies—moved from £550m. to £587m. to £650m.; in each case the regular premium figures are premiums in force and not new business.

New annuities

As I have said the annuity business has really taken off in the past few years due to the introduction of Guaranteed Growth and Income Bonds: in 1969, 29,000 new annuities were bought, costing £81m.; in 1970, 67,000 annuities cost £125m.; in 1971, 107,000 cost £191m.; and in 1972 no less than 182,000 annuities were purchased, costing £287m.

It can be seen from these statistics that life assurance in most of its forms is on the increase and there is little doubt that fears of inflation eroding capital have driven vast sums away from the National Savings movement and the building societies. The investor to-day requires either a guarantee for his money or at least some assurance that an effort is being made to keep pace with inflation, either through the equity market or through property. Life assurance at the moment is the only really efficient medium through which to achieve either of those aims with a reasonable degree of safety, apart from unit trusts, that is, where the investor is prevented from really flexible investment management.

Much has been said about the safety of life assurance and the degree of protection given to the policyholder. Most of that criticism has been aimed squarely at the unit-linked side of the business, particularly with regard to sales methods. Other areas of doubt were primarily concerned with property bonds, mainly on the accuracy of valuations and the possibility of a run on a fund containing unmarketable assets. In consequence, the Sir Hilary Scott Committee was set up to examine the areas of risk and the protection given by the Insurance Companies (Act) 1967. The verdict, when it was announced in April this year, was that unit linked life assurance had a valuable role to play in the overall life assurance field. To quote Sir Hilary, "We accept that the emphasis of the selling material of linked contracts is directed more to the investment aspects of these contracts than to the life assurance element. Nevertheless, they are policies which afford life cover and death benefits in many cases at least equal to those which could be secured by a with-profit policy for an equivalent premium." Clearly this supports the case for unit-linked and dispels the illusion that the life cover content is any greater on a traditional policy.



Doorstep service

By TOM KYTE

It is perhaps strange that nowadays, when people appear to be becoming increasingly sophisticated in financial matters, the door-to-door insurance man is still a very familiar figure. Nevertheless, this certainly appears to be the case given that there are about 40,000 insurance operatives of this type currently working for the Industrial Life Insurance offices, providing a large number of the British population with its only link with life assurance.

One of the main reasons why the door-to-door insurance agent still forms such an essential part of the industry, is that even in an age of bank accounts, cheque books and bankers' orders, the majority of the British people still prefer to settle their accounts with cash. Indeed, more than half of the population are still without bank accounts, and even to-day, without a bank account, it is troublesome and inconvenient to transfer even small sums of money over any reasonable distance.

It seems to follow that if a large proportion of customers are going to pay premiums with cash, it is common sense for the insurance companies, in order to avoid delays, to appoint an agent to make regular visits to the policyholders' homes.

Another and equally as important, function of this type of insurance agent is to familiarise prospective customers with all aspects of life assurance and, where possible, to sell the appropriate policy. In order to be able to do this it is necessary for the agent to become as familiar as possible with his neighbourhood and the people who live in it. By calling regularly at the home of policyholders the agent should get to know a good deal about the insurance requirements of each individual and this should enable him to deal with and advise on the different aspects of a policy throughout its life.

Since the majority of the people who use Home Service Insurance are weekly-paid, it seems logical for premiums to be collected on a weekly basis, which brings us to one of the problems of this system. The weekly collection of premiums is extremely expensive and many companies have discontinued issuing policies on a weekly premium basis. This gives a good illustration, in fact, of the close relationship which an agent must establish between himself and the policyholder, since when this happens it is often necessary for a compromise to be reached on the timing of payments.

Familiar face

The real benefits of this personalised service can only really be fully appreciated either when a policy matures or when a claim becomes necessary. But it has become clear from the experience of the field staffs of the Industrial Life Offices that the majority of people prefer to deal with a familiar and friendly face when undertaking as serious a piece of long-term financial planning as a life insurance policy.

Following the recent advent of unit-linked assurance, and the enormous publicity which has accompanied it, the door-to-door system of selling insurance policies has come under some fairly close scrutiny from people who fear that the techniques involved in selling unit-linked insurance policies could be open to some abuse from unscrupulous salesmen. However, the recent Scott Report on Linked Life Assurance rejected the suggestion, contained in evidence supplied by the Law Society, that sales of linked policies on a door-to-door basis should be banned. Indeed, the report went on to say that the door-to-door method of selling policies was "at the very heart of the industrial assurance business," and that so far it had seen no evidence of any abuse in either the linked or unlinked fields.

Unit-linked policies howev[er] have not really been designe[d] for the people to who[m] Home Service Insurance woul[d] normally appeal. It has bee[n] established that the people wh[o] use Home Service Insuran[ce] come largely from the C, D an[d] E social classes. It can prob[ably] be assumed therefore th[at] many of them would not b[e] willing to become involved i[n] the ramifications and complexi[ties] of unit-linked life insur[ance].

The business of the Hom[e] Service Insurance Offices fal[ls] largely into two main categori[es] which are respectively handle[d] by the Industrial and Ordinar[y] branches of the offices. Th[e] differences between the busine[ss] of the two branches are becom[ing] less clear as time goes o[n] but the main distinctions ar[e] legal ones, the business of th[e] industrial branches having to b[e] conducted according to th[e] provisions of the 1923 Indu[s]trial Assurance Act.

Growth record

Both categories of Hom[e] Service Insurance have stron[g] growth records and the tren[d] appears to be continuin[g]. According to a statement issu[ed] by Mr. W. G. Haslam, chairma[n] of the Industrial Life Offic[es] Associat[ion]: "Industrial lif[e] assurance premiums collected a[t] the homes of policyholder[s] during 1972 rose by about 6 pe[r] cent., compared with 1971, to a record total of £331m. Ne[w] Industrial branch premiu[ms] written in 1972 rose sharply [to] a total of nearly £59m.

"Total premiums from th[e] Ordinary life business of th[e] offices, in the U.K. and overse[as] (much of the former transacte[d] through the Home Servi[ce] agent), reached a new hig[h] level of £369m., while premiu[ms] on new business reached in th[is] branch rose to £97m.

"The total of premiums fro[m] both life branches rose fro[m] £643m. to £700m. while Genera[l] (non-life) premiums receive[d] by the offices were up by £4[..] to £220m."

Mr. Haslam's statement we[nt] on to point out the significan[ce] of the fact that, in spite of [a] period of wage restrai[nt] surrender payments on Indu[s]trial Life Policies were fraction[ally] lower than in 1971, a[t] £70.8m.

Another important fa[ct] reflected by these figures is th[e] sudden growth, as a proporti[on] of the whole, of the busines[s] conducted by the Ordinar[y] branches. Although Ordinar[y] policies are usually for rathe[r] larger amounts than are Indus[trial] policies, which means th[at] an increasing number of people are now paying their premium[s] by cheque or banker's order[,] the growth of this type of busi[ness] does not neccessarily mea[n] that the door-to-door insuranc[e] agent is doomed inevitably t[o] extinction. As people ar[e] becoming more ambitious i[n] their demand for life insurance[,] and more people are turning t[o] Ordinary policies, for large[r] amounts, so the need for a personalised service is als[o] growing. Furthermore, ther[e] has been no sign so far that th[e] steady growth of the Industria[l] business is likely to be cur[tailed]. Indeed, one thing which has enabled this to grow along[side] the business of th[e] Ordinary branches, is that th[e] average sum insured by new In[dustrial] life policies is rising, and contracts for sums of £500 or £1,000 are by no means rare these days. It is also becoming more common that when holders of Industrial policies decide to take out Ordinary policies they often choose to retain th[e] benefits and convenience of a regular collector. All of th[is] suggests that while the growth of Home Service Insurance is likely to remain at a fairly unspectacular pace, the door-to-door insurance man is likely to be providing his service to policy-holders throughout Bri[tain] for quite a long time to come.

NSURANCE IX

Mood of uncertainty n the share market

BARRY RILEY

isurance shares have been ig through a rough patch. res of the composites have a showing pronounced weak- ; relative to the rest of the k *market for two years.* n the usually stable life in- ince index has been droop- badly.

ecent news has added to the ket's suspicions about the rance sector. The bid by rdian Royal Exchange for ropolitan Trust amounts to ie-for-four rights issue, and erlines fears that the insur- companies are not finding ossible to generate sufficient is internally to cope with *insion.* This problem imes more pressing as in- on takes a firmer hold of the ld economy.

n the life side, Sun Life's josal to modify share- lers' rights to participation ife fund profits has left the ket wondering whether its mptions about future *vth prospects* have been ill- ided. Sun may be partly a ial case, with its large ness in pensions, but *life* es have dropped nearly a rter on average this year.

Recent weakness

mposite insurance shares performed no worse than in 1973 so far, but their er term performance has considerably inferior. The *nt weakness contrasts with* pronounced profits strength he composites; earnings per e of the seven major com- ies rose over a fifth in 1972, another rise is likely this . But the outlook for erwriting is unsettled.

i the U.S., underwriting it ratios have been easing n the exceptional peaks hed last year. In the U.K., re is a likelihood that motor erwriting will turn down- ds again as rates controlled the DTI fail to take full unt of the impact of in- on on claims (though petrol ning could yet bring a p short-term boost to the r account). On the inter- onal side recent rate-cutting in the marine and aviation markets could bring problems.

However, both premiums and investment income remain on very strong trends. *For the* seven major composite groups in the first-half figures of 1973 the *average premium* growth was 12 per cent. and investment income was almost a quarter higher.

This makes the shares of the *composites look historically* cheap on an average 1973 p/e of perhaps 10, using the straight- *forward* earnings per share method of evaluation. But how realistic are the earnings figures which insurance companies publish?

In the *past* year or two the stock market has had to cope with a number of shocks on this *score.* Companies release apparently precise figures for underwriting profits or losses— even quarterly, in such cases as Royal and Commercial Union— but several have had to admit lamely that the figures have been presented on too optimistic a basis.

A major point of difficulty has been the effect of inflation on claims incurred but not received (known in the industry as IBNRs). Traditional provisions have often proved inadequate, and Commercial Union, for *instance,* made a massive £22m. transfer out of reserves in its end-1972 accounts, largely to cope with IBNRs. *Similar* moves have been made by Eagle Star and GRE, though Royal on the other hand says its existing accounting system has been adequate. Royal's sharp third quarter deterioration, however, was blamed mostly on inflation.

Are there more skeletons in the cupboard? The market can *be forgiven for being cautious,* and indeed there has been a tendency to accept that under- writing results will do little better in the long run than fluctuate around break even; that makes the underlying earn- ings of a composite insurance *company a function simply of* investment income and the (relatively small) transfer from the life side.

In this context the concept of "*earnings*" becomes very woolly. *Earnings can only* reflect the income side of in- vestment performance, not capital growth. Another way of approaching the valuation prob- lem is through the assets of a company. All the majors now give market values for their *investments, and this makes it* possible to relate share prices to net worth. Historically, this relationship has been extremely erratic, however; at present the major composites are selling at well under the asset value of their non-life interests.

Premium income

A third method involves quite a different viewpoint. The basic measure of the size of an insurance company, it can be argued, is its premium income, and its profitability must be linked to this in the long run, although there will be inevit- *able fluctuations.* On this argu- ment the more premiums you can purchase per share the better — the relevant factor usually being expressed as non- life premium income divided by equity market capitalisation.

This argument assumes that a company's performance cannot for long diverge far from the industry average (it also ignores the life side, which is particu- larly important for Eagle Star). Moreover, it could show bias towards companies with a slender asset base (supporting too much business on a given market capitalisation) with maybe a rights issue in the offing. All the same, this ratio is closely followed by stock market analysts.

The strength of this latter rights issue point has been borne out recently by the case of GRE. It has appeared cheap lately on the basis of the premiums/market capitalisation ratio, but has now gone in for the effective rights issue which could dilute its earnings per share by a sixth in the short term.

The GRE move follows Gen- eral *Accident's £34m.* rights issue last year and several loan stock issues and takeovers for shares by other composites. As far as existing shareholders are *concerned* this trend implies *dilution of earnings (and poss-* ibly assets) growth per share, and is evidently reflected in current share ratings.

Premium growth, after all, is *boosted by inflation,* and com- panies cannot raise assets by a matching 12 per cent. or so after paying tax and dividends. They can, of course, hope to achieve capital growth in their equity and property investment port- folios, but they cannot rely on volatile *market* values to bail them out. They also keep a close eye on their technical *(book value) solvency margins,* and high rates of currency infla- iton must put pressure on these.

All in all, inflation dominates the evaluation of composite *insurance shares to-day.* It would be interesting to know what rates of inflation are assumed by the various com- panies in making provisions (for example, for IBNRs). Such information might pinpoint the less conservative composites, but no doubt is ranked as con- fidential in a competitive mar- ket.

All the same, the companies might usefully give more figures on the spread of their business and outstanding claims between short-term (for example, fire) and longer-term (for example, liability) cate- gories, the latter being much more vulnerable to inflation.

Dividend outlook

As for the life insurance sector, share prices have had to come to terms with the cur- rent restrictions on dividend rises. *Life shares, after all,* have sold on very low yields because dividends looked likely to improve at significantly more than the currently per- mitted 5 per cent. per annum.

Now the problems of Sun Life have added an extra element of uncertainty. In fact Sun has a specific problem *related to the growth of its* pension fund business, which is hardly relevant to other pro- prietorial life offices. But Sun's own shareholders are left largely in the dark about their long-term position, and the sector as a whole has lost *some of its former confidence.*

Bankers begin to build significant stake

NICHOLAS LESLIE

year ago, Midland Bank d a new company, called nd *Bank Insurance Ser-* with the object of provid- dvice and service for cus- s on insurance matters f course, as a source of e for the bank itself.

he time of the launch, Mr. e Manwaring, managing or of the new company, nsistent that the aim was take insurance business *from existing sources*—a made by at least some insurance broking indus- Nor was it to be that loans stomers would be condi- upon the bank organising nce. Mr. Manwaring felt ere was scope for offering urance advisory service to ers who did not then have ofessional support.

1 12 *months having* gone r. Manwaring now feels he Midland's insurance ons have developed or less exactly as I *t they would."*

eels that among insurance nies Midland's move has reatly welcomed by the institutions, although of the smaller minority elling companies have siness. Among insurance s, the very large com- — like Willis Faber and C. T. Bowring—have n impinged upon, while aller brokers have, he s, *perhaps* over-reacted he adverse effects upon

New savings

Manwaring maintains that dland "is picking up a leal of business which t come to the market at nd that this is pre- ntly new *savings* busi- hough a lot is also linked ng.

general outlines could ng degrees be attributed other three major clear- ks, the National West- Barclays and Lloyds. interests in *other* tradi- eas of insurance, but it looks as if it will be in broking that the banks are going to have the greatest impact on the insur- ance market in the near future.

In common with the clearing and other joint stock banks, several of the merchant banks have also considerably widened their financial bases to take in insurance—from traditional life, annuity and pension schemes to the (relatively) more modern unit-linked savings/insurance plans.

Enormous impact

The potential impact of the joint stock banks—and in par- *ticular the four major clearing* banks—on the insurance market must be enormous. For in- stance, Barclays, National West- minster, Midland and Lloyds have between them around 12,000 branches throughout Britain through which they can *do business.*

Broking by the banks is not new—most of them had some involvement for some time but the scale has been dependent upon the individual managers. But the fairly recent moves by the clearing banks to centralise insurance activities is the pointer towards suggesting that a significant stage in the evolution of insurance growth, particularly in life insurance, may have *started.*

What happened was that the *clearing* banks took on responsi- bility for insurance matters at Head Office, whereas previously the managers *had been doing* the broking business on their own account and had been taking part of the commission for themselves.

Barclays, *Midland* and *Lloyds* (which centralised in January, 1972) also have varying styles of regional set ups and it is to these centres that the managers *in a particular* region can turn for advice and for sorting out any insurance problems custo- mers *may have.*

This added professionalism suggests that customers can expect better, and certainly more consistent, quality of advice in the past, simply because the banks have realised that this is needed to get insurance activities off the *ground in a big way.*

When one turns to the mer- chant banks' involvement in insurance an entirely different picture presents itself. They have in the main been far more closely occupied with evolving savings / assurance linked packages and these have pro- liferated in great quantity, with Hambros Life, Slater Walker, Schroder Life, Kleinwort Benson (through its interest in M & G) and Morgan Grenfell to the fore.

Not all have stayed the course, however. Rothschild tested the water a while ago, but eventually withdrew.

It *is difficult to gauge the* implications of merchant bank involvement in insurance, other than to suggest that through their individuality and variety they have helped to tailor more to peoples' needs. The fact that these activities form part of a *wider financial operation of* the merchant bank seems to be of little significance because insur- ance tends to be, for the most part, greatly removed from *other activities.*

Merchant banks have also had the problem of getting recogni- tion for quality and standing of their insurance activity, since the unit linked and funds opera- tions took a bad knock in the wake of the Investors Overseas Services debacle several years ago.

In fact, Keyser Ullmann has gone so far as to pick up one of the "casualties" of the IOS *situation. Last year,* it acquired International Life Insurance Company (U.K.), a former sub- sidiary of IOS which had been vainly trying to throw off the dampening effects of its former parent's problems.

Since then, Keyser Ullmann *has* changed International Life's name to Cannon Assurance, re- deemed an investment in the ill-fated IOS Fund of Funds Sterling and introduced a num- ber of new plans linking insur- ance with savings and incomes schemes.

Most merchant banks are within the relatively recently established boundaries of unit- linked insurance — either aimed *at capital or income growth or* a balance of each and with in- vestments in anything from equities to property — but Hill Samuel is perhaps the odd man out since it is much more of a traditional insurer.

From the Hill Samuel Insur- ance and Shipping Holdings concern spread Lambert Brothers, covering marine and *aviation, Lowndes Lambert in* general insurance, and Noble Lowndes International which looks after overseas brok- ing. Noble Lowndes and Part- ners is the pension schemes and life assurance consultancy com- pany and finally Hill Samuel Life Assurance takes in a num- ber of traditional life insurance companies.

Linked schemes

In the main, merchant banks have trodden the path into insur- ance by acquisition of either companies or ideas and people. Hambros did this when it sold *out of the successful* Abbey Life and then recruited former Abbey Life managing director, Mr. Mark Weinberg, to set up Hambros Life. This company now has a variety of equity and property linked unit funds and offers a wide selection of capital *or income schemes* linked with life assurance.

However, one significant re- versal of this trend was the takeover by C. T. Bowring of *Singer and Friedlander. Bow-* ring is one of the U.K.'s largest insurance brokers with interests worldwide. Another such take- over has been the subject of speculation on several occasions in the City and it could well happen. If so, the implications would probably be *greater* for the corporate finance and simi- lar financial activity in the City than for the insurance world.

INSURANCE X

Problems of sheer size in ships and aircraft

By JOHN GASELEE

Although both marine and *aviation insurance* are completely international, and there is very fierce competition throughout the world, London is generally looked upon as being the leading market. This, however, does not necessarily mean that the rest of the world follows the London rate—as happened to some extent in the past. In the marine market, *particularly*, there has been fierce competition for business which has been on the books of insurers for many years. Insurers in the U.S. appear to be in a particularly aggressive mood at the moment, but there are insurers in plenty of other countries only too anxious to pick up business at what, to some underwriters, look like cut-price levels.

In London, much more hull than cargo business is written, much of the latter being taken up locally throughout the world. One leading marine underwriter said earlier this year that, in *his opinion*, there had been very few years in the last 15 when the hull account had shown a profit or will do so in the final analysis. Clearly, shipowners find it hard to understand the difficulties facing underwriters when large premiums are paid by most owners without any significant return in claims, while some owners bring under*writers losses which could never* be met out of any reasonable insurance premium.

Although, from time to time, various "solutions" to the problem are put forward, insurers feel that it will be difficult to improve on the commer*cial* market. Here, an owner knows in advance exactly how much his costs will be. And underwriters tend to base their rating very much on experience. Although other methods of protection may be suggested, the *claims still have to be paid*, and, as mentioned, there is no indication that the margin of profit earned by underwriters has ever been excessive. Nor does it look as though there will be any dramatic change in the position.

Important changes

Ideally, any underwriter likes a large spread of modestly valued units. While this used to be the position in the marine market important changes have been taking place. It has been estimated that by the end of next year about 200 container ships on the main trade routes will have replaced 847 conventional vessels. As might be expected, these *new vessels* are of very high value. They also have a high service speed, and spend comparatively little time in port. This is very different from the cargo liner of the past, which at one time was said to spend more time in port than at sea.

Despite the mammoth values at risk to-day, and the even higher values which are forecast for the future, so far there have been no capacity problems in the marine market. There is quiet confidence that there will be adequate capacity world-wide, to meet the needs of the future, but underwriters add darkly that, to some extent, this will depend on profitability.

Naturally, in profitable times, underwriters are prepared to take more of a risk, and others are encouraged to come into the market. Unfortunately, however, the greater is the capacity for the high valued vessels, the greater is the competition likely to be for insurance on smaller vessels, since every underwriter wants to have as well spread an account as *possible*. This, *incidentally*, is where the London market has the advantage over much of the rest of the world. For hull *business*, it *has* probably the best spread account of any market.

As the number of Very Large Crude Carriers builds up, the problem of an unbalanced underwriting portfolio for this class of vessel is receding, even though it is not every vessel which is offered to the commercial insurance market on a *full insurance basis*.

One of the chief problems for the future will be the *liquid natural gas carriers*. Values of up to, say, $100m. or so have been forecast. Admittedly, gas carriers have had quite good *experience so far*, but the vessels now building are very much larger than anything which has been seen before, and size generates its own problems. Underwriters, for instance, are somewhat disturbed by the fact that naval architects have not yet agreed on the best system for carrying liquid natural gas, and clearly there is the distinct possibility that somebody's theory may prove to be wrong in practice.

Off-shore rigs

It has been the London marine insurance market, particularly underwriters at Lloyd's, which has met the increased demand for insurance protection resulting from the rapidly expanding off-shore exploration for oil and gas. There were plenty of setbacks at the outset, but the London market was not deterred.

Despite the fact that there are more rigs in commission than at any time in the past, the mobile drilling platforms still represent a very large egg in a very small basket, when compared with other classes of business. A modern semi-submersible rig, capable of operating in the North Sea in all seasons, costs about $25m. but fixed production platforms with all their equipment can easily cost three or four times that figure. Clearly, the accumula*tion of highly valued equipment* in some areas is causing concern.

The aviation market, also, has not run into any serious capacity problems so far, although, at one stage, there were doubts as to whether there would be sufficient capacity, world-wide, for the wide-bodied jets. Fortunately for insurers, experience with these jets, so far, has been very good. This has resulted in very severe pressure on rates. For instance, this year the premium rate on a Boeing 747 operated by airline with a good record been about 80 per cent. of year's rate, and in the re of 35 per cent. to 40 per of the rate which was charged three years ago.

Surprisingly, it is not only fleets with good records w have been able to obtain re tions in rates. In some ca due to pressure. exis policies have been cancelled re-written at lower rates always for those fleets with *best records*.

One of the most difficult a for aviation underwriters i the field of liability insura The difficulty lies in know what is an equitable rate premium to charge, bearin *mind that, on occasions*, it be ten years after an accid before all the liability cla arising from it have b settled. Unfortunately for un writers, when a claim is sett it tends to be settled accord to values ruling at the t rather than when the accid occurred. Thus underwr have to take into account fo *inflation when calcula* to-day's premiums.

Liability cover

Very high sums are ins in connection with liabili *For instance*, it is common for major airlines to liability cover of up to $1 In some cases, this may ri $200m. or so.

As might be expected, international operators of craft are now insured "political" and war London is the dominant ma for this class of business. the great bulk of this insur is written in London and, from a few exceptions, a proportion of it is retained the market. To a great ex marine insurers have pione this business, chiefly bec for a long time, there has an established market for risks on the hulls of vessels

To try to avoid difficu which have occurred in past, in determining w policy should settle a partic claim, it is now customary a commercial war risks polic cover war, hi-jacking, str riots, malicious damage, fiscation, etc., with these being excluded from the *risks*" insurances.

Writing this type of bus is far from easy, since l *tend to occur in groups*, par larly, if there is retaliatio any kind. This is one of reasons why, someti premiums tend to be on high side. Underwriters take view that the level of prem should be sufficient to pay a number of claims in adva

Brief respite in losses in the motor account

By MICHAEL BLANDEN

There was a substantial improvement in the experience of the insurance companies on their U.K. motor business in 1972, reflecting the earlier moves to get premiums up sharply to more realistic levels. Experience varied considerably from one company to another, depending to some extent on the timing of the premium rises they had introduced. Overall, however, it is clear that the increases had gone a long way, not merely to keep up with the *higher rate of inflation and the* increase in claims costs, but to restore the industry to a more *even keel after the competitive* excesses of four or five years ago.

It is *equally* clear now, however, that the current year is likely to see higher losses again, as a result of the Stage One prices freeze and the controls under Stage Two. The future application of the Government's counter-inflation policy in Stage Three and beyond raises questions not only over the long-term viability of motor insur*ance underwriting* in the U.K. but also over the competitive balance within the industry and the possible distortions created *by official controls* over premium levels.

The worldwide motor account of the British Insurance Association companies produced an overall loss of £12m. in 1972, representing 1.2 per cent. of the premium income, compared with a £29.8m. loss, or 3.7 per cent. of premiums, in the previous year. Within this total, however, the experience varied considerably from area to area. In the "rest of the world" outside the U.K. and the U.S. experience deteriorated sharply, with losses on motor business rising from £10.7m. to £18m. *But the U.S. showed some* improvement, with the profit rising from £6.4m. to £9m. And the U.K. motor account produced a very marked swing, with the overall loss dropping to only £3m., or 0.8 per cent. of pre*miums*, compared with £25.5m., or 8.6 per cent., in the previous year.

Direct reflection

The better U.K. experience in 1972 was a direct reflection of the higher premiums which motorists were asked to pay. Total motor insurance premium income in the U.K. showed an increase of 30 per cent. over the previous year at £384m. This was more than enough to offset the continued impact of inflation on repair costs and court awards, which produced an increase of about 15 per cent. in the average cost per claim in 1972. There were considerable variations in the experience of individual companies, with results ranging from a loss of 16 per cent. to one case where a profit of 7 per cent. was produced. In general, however, the industry was beginning to approach a position where at least its motor account looked *like achieving something near* equilibrium in the fairly near future.

The position has been dramatically changed in the past year. There has been no let-up in the continued pressure of rising costs. Inflation has continued at high levels. And on top of the impact of rising wage costs during the current year, the introduction of VAT, though the insurance industry itself is not directly affected, is reckoned *to have* added another 6 per cent. or so to the cost of claims.

Research centre

Efforts to hold down the cost of repairs, it is true, are having some significant effect. The industry is *particularly* proud of the activities of the Thatcham Repair Research Centre, backed by the BIA and Lloyd's. The first report from the Centre, on the use of door-skin panels in repairs, is reckoned to be saving the industry some £500,000 a year. Other work has included a report on painting techniques *and a manual giving guidance* on times for the removal and replacement of sheet metal body panels for a large number of cars. It is hoped that this work will gain further interest and support from the motor manufacturers in the interest of keeping repair costs down. And coupled with the work of the motor engineers employed by the individual companies and by the BIA itself, the industry considers it is able to make some dent in the upward pressure of costs.

Nevertheless, it is certain that virtually all the major companies in the *industry* would have been planning or considering further substantial rises in motor premiums during the course of the past year. The counter-inflation policy intervened first with a six-months freeze, then with the period of Stage Two under which premium rises have been severely restricted.

In applying Stage Two it was decided, first, that the control over insurance should be exercised not by the Price Commission, but by the Department of Trade and Industry which also carries responsibility for enforcing the insurance legislation and protecting policyholders. Secondly, the industry agreed to subject itself to unusually rigorous controls under which virtually all companies and Lloyd's syndicates, covering more than 90 per cent. of the business, pre-notified proposed rises in premiums.

In theory, the controls applied to all forms of underwriting where pre-determined premiums applied; in fact, not surprisingly, it was motor which was most concerned. During Stage Two, something over 50 requests for higher premiums were considered by the DTI, and all but half a dozen or so were for motor business. These included most, though not all, of the big companies involved in the motor business.

The DTI was faced with certain difficulties, particularly

Continued on next page

INSURANCE XI

The ever-increasing problem of protection against fire

By GEOFFREY FOSTER

Fire damage up 68 per cent. in the first nine months of 1973 compared with the same period last year to £133.5m., is rather disappointing and infuriating to say the least for fire insurers who had hoped for *improved figures* this year following the signs in 1972 that the trend was improving. It has in fact worsened and, if this year's deteriorating tendency continues, the total figure for the year could be something approaching £150m. against a direct damage loss in 1964 of £13m.

The exceptional losses in Northern Ireland (which accounted for nearly 25 per cent. of the total in 1972), inflation, together with a higher standard of living, must contribute to the alarming increase, but not necessarily take all the blame if one considers that the number of fires attended by fire *brigades in 1946 was 57.352 and* in 1972 the provisional figure had risen to 244,611.

Up to the end of 1972, fire insurers had begun to feel hopeful that losses were at *last* being contained as a result of the ever increasing emphasis on fire prevention installations, and the re-rating exercises carried out in the past 12 years based on the experience in the various classes of business and the publicity given organisations to the subject of fire.

Surge forward

For no reason which is readily apparent, 1973 has seen a staggering surge forward in fire damage. It is correct perhaps to suggest that the trend of fire damage follows, to an extent, the economy of the country where industries are working at a much greater capacity, more property is exposed to working hazards and, overall working conditions fall short of general safety standards where the volume of stocks increases and the value of buildings, *equipment* and *stock* at risk rises.

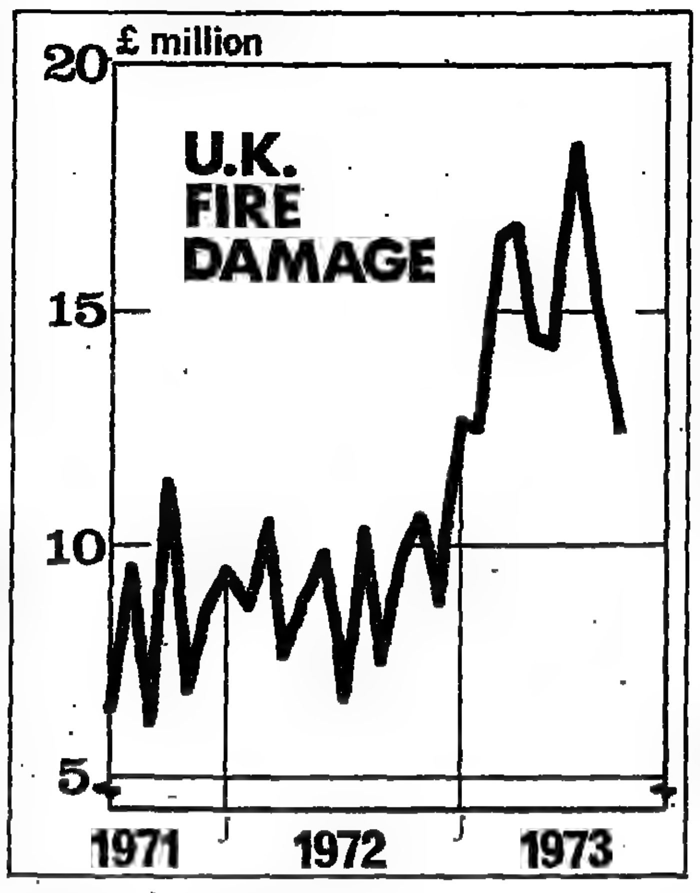
The estimates of material damage does not fully indicate what the country loses in terms of *lives*, wages, *lost profits*, medical expenses and fire brigade costs. Frequently the consequential loss far exceeds the damage. While on this point it might be plausible to consider the cost of maintaining our fire brigades. *This runs* at the moment to well over £100m. per year and could reach £150m. by 1977.

Facts show that small fires are now more frequently becoming large fires (£10,000 plus). Fire losses in private dwellings has remained fairly consistent over the year which in itself shows that the increased damage figures can be attributed to the incident involving the larger losses. One department store alone accounted for £4½m. of last year's figure.

Major cause

There must always be a cause of fire and it is in fact because of the Northern Ireland element, that damage through "*malicious ignition*" — *arson*, has become the major cause of fire. The figures in this category have shown an alarming increase since 1967 when *the biggest cause of fire* was that concerning the electrical equipment industry which accounted for around 105 fires in buildings at a cost of about £7.062m. Though still fairly sizeable in 1971, accounting for 136 fires at a cost of £9.2m. this cause has been displaced at the top of the tree by arson. Here, the figures have doubled in number and trebled in cost. In 1967, 91 fires were caused by arson at a cost of £3.24m. while in 1971 (the last year a complete breakdown is available) these had risen in number to 182 and in cost to £10.5m.

Various efforts have been made to reduce fire hazards. The anti-fire campaign that has been waged in the past by such concerns as the Fire Protection Association and the Central Fire Liaison Panel together with others such as the Fire Offices Association, the Confederation of British Industry and the British Insurance Association, always come up against the old-age problem which no fire extinguisher or fire-fighting apparatus can combat—apathy. Apathy on the part of industry and apathy on the part of the *ordinary man or woman* in the street who always think that it will be the other person who gets burnt. The figures already mentioned speak for themselves and only the public's own intelligence and understanding of the terrible consequences that *arise* from fire, will bring about an improvement.



One industry which one seems to read and hear about regularly being affected by fire (and the *Oban* and *Isle of Man* disasters spring to mind almost immediately) is the hotel and pleasure park industry. On average, 20 hotel fires serious enough to be investigated by the fire brigade are reported each week. Although a vast majority turn out to be comparatively harmless, every year over 20 lose their lives in hotel fires and so far in 1973 the death toll has already risen to 23. The 30 or more really serious fires each year cause damage of £1½m.-£2m.

Things should have started to improve last year if legislation and the 1971 Fire Precautions Act had worked. The Act which contained some strict rules which the hotels and boarding houses etc., were meant to have abided by last June, has not been a complete success. The procedure *intended* was that the Act, which covers premises which provide sleeping accommodation for six persons, including staff, would insist that hoteliers *would have to apply* for a fire certificate. On application the local fire brigade would then visit the hotel, inspect it and inform the owner if any alterations or modifications in protective apparatus had to be made. Only on completion of the work laid out by the brigade would a certificate be issued. However, this is where the problems arise.

Despite the threat of court proceedings if hoteliers failed to apply for a certificate, by September of this year only 43,000 applications had been made (about a 1 in 5 ratio). Reasons for the poor response are obvious. There are something *like* 250,000 premises in Britain that fit the description laid out in the Act, which only serves to underline the *mammoth task the Fire Brigade* faces to visit all the hotels in the country. Secondly most hoteliers are afraid of the expense that new, improved fire-fighting equipment might bring as the Act is quite strict in its requirements, which stretch from fire escapes right down to smoke detectors, emergency lighting systems and fire doors capable of holding out for half an hour. Although the introduction of the Fire Precautions (Loans) Bill in which local authorities can lend money to owners of smaller hotels and boarding houses obliged to incur expenditure under the 1971 Act at a chargeable rate of interest, *does put the ball back in the* hoteliers' court.

Trying year

Against *this* background, no-one will argue that it has been another trying year *for* fire insurers. Still awaiting the outcome of the result of talks *which are taking place between* the FOC and the Department of Trade and Industry on whether the fire tariff will or will not be abolished following the Monopolies Commission unfavourable report on its existence, the insurers find themselves in a state of bewilderment.

Higher fire premiums will obviously follow bigger fire losses and only if losses show any sign of stabilising will they be reduced. For example, just recently it was announced that fire insurance premiums for many industrial and commercial properties in the U.K. *will be reduced next year* as a result of decreased losses in 1970 and 1971, but the impact of this year's deteriorating trend however, had only served to make these reductions less than they might have been.

Perhaps an effective move would be if the insurance companies lifted rates for any business, industrial or otherwise which did not abide by *the general fire-fighting rules.* Some insurers often give rebates to clients who install automatic sprinkler systems, which in the past has proved *that this system alone stands* head and shoulders above any other form of protection and is the main effective means of controlling a large fire. The overall financial incentives available in the form of insurance premium discounts, tax relief and cash grants in certain areas are now so substantial that any firm must look at their own standards properly and carefully.

Insurers are continually exploring the field of fire-fighting and protection and together with the insurance brokers they are increasingly providing advisory services, not only in fire prevention, but in every aspect of risk control and improvement. However, no matter how good fire precaution standards are, they can never be too good and *while* the *general* public continue to take an apathetic viewpoint and the Northern Ireland saga continues, the problems will continue to exist, *for the insurer* and everybody.

CONTINUED FROM PREVIOUS PAGE

The motor account

over the issue of determining costs in relation to future claims. It appears on the whole to *have arrived* at a reasonable technique* for evaluating the arguments of the companies, which will inform the continued exercise of its powers under the *next stage of the policy.* The result of the official moves, though, is clearly that there are likely to be bigger losses on motor business this year. The six-months freeze intervened at a time when a number of companies would have been considering higher premiums in the new year, and though quite a number had put through increases during the summer of 1972 *others were stuck* with premium levels set nine months or so previously.

During Stage Two, moreover, the DTI deliberately took a *fairly* tough line with the bigger companies. Under the rules, in any case, it was clear that in determining the levels of premium rises that might be allowed no account should be taken of attempts to make up *for past losses.* And it was explained that special requests had been made to some of the more prosperous insurance companies to restrain their demands *for higher motor premiums in* the interests of supporting the Government's efforts to hold down prices.

The view was explicitly taken *that where companies had substantial* other sources of income—from investments or from overseas business, for example—and adequate reserves they *should be able to hold down* the cost of their motor business. Many of the applications for rises were scaled down by the DTI, and among the bigger companies the increases allowed ranged normally between about 6 and 10 per cent.—at the lower end of the scale, barely enough to cover the impact of VAT.

Surprisingly wide

It is also recognised, by the authorities as well as the industry, that the policy inevitably introduced some significant distortions into the pattern of competition in motor insurance. First, even among the bigger companies it must have had some such effect, simply because it effectively froze the relative *positions at the beginning of* November, 1972, when some companies had recently introduced premium rises and others had not. It may be partly this factor which accounted for the perhaps surprisingly wide range of premium levels which the DTI found for similar types of business when it got down to applying the prices restraints, with spreads of 20 per cent. or more *quite common.*

Secondly, the disparity is likely to become even more marked between the bigger companies and the smaller motor insurance specialists. In the latter cases, the DTI has not been able to be as strict as with the big groups; it is recognised that its other duty, to ensure the solvency of the insurers is maintained, must mean allowing bigger premium rises where they are necessary to prevent a company getting into difficulties. The danger of this, it is also recognised, is that it must upset the competitive balance, with the possibility of more and more business being switched to the cheaper large companies. The prime example of both kinds of distortion was provided by the Norwich Union, a *company* which had been particularly affected by the freeze and had been running unchanged premiums since the beginning of *1972, and which found it necessary* during the year to put a stop on taking new business transferred from other companies.

Mr. Anthony Grant, Parliamentary Under Secretary of State for Industrial Development, recently drew attention to the unavoidable problem that *in considering an application* for higher premiums the Department may at the same time be "trying to apply one policy designed to keep prices down and another to keep them up." In this situation, he said "the requirements of solvency would prevail on the reasonable view that it is better for the policy-holder to pay a bit more than for his claim to be endangered."

This provides the background to some of the questions over the future of motor insurance *business. Continuing the* restraint on premium rises in the form so far established—even with the abandonment of comprehensive prior approval under Stage Three—may imply increasing the imbalance of competition and possibly the effective freezing of the business as companies find it necessary to resist transfers from other companies. It may also raise the *question when it will become* possible again, in a sensitive area such as motor insurance, for the companies to aim at raising their premiums to levels which will produce a significant profit.

U.K. MOTOR UNDERWRITING; BIA MEMBERS

Year	Premiums £m.	Profit/loss £m.	% of premiums
1969	210	−15.4	− 7.3
1970	216	−31.3	−14.5
1971	296	−25.5	− 8.6
1972	384	− 3.0	− 0.8

INSURANCE XII

Lloyd's flexibility stands it in good stead

By JOHN GASELEE

When an organisation is unique, this brings both advantages and disadvantages. For instance, there is nothing elsewhere in the world comparable to the insurance market at Lloyd's with the risks accepted being run by individuals with unlimited liability. Certainly the prestige of Lloyd's, and the publicity which it attracts, is out of proportion to the share of the insurance business written by the market.

One disadvantage is that if rules are drawn up for insurance companies, etc., they are unlikely to be suitable for a market such as Lloyd's. Nevertheless, in recent years there has been plenty of co-operation all round, and the Common Market authorities are managing to introduce special formulae into the insurance legislation, so that rules applying to insurance companies can be suitably amended.

Currently, premium income for the Lloyd's market is running at well over £700m. per annum. Some of this represents premium "reserves" from earlier accounts, since the procedure—so that each year of account can be closed after it has been open for three years—is for the whole account to be re-insured by those "names" participating in a subsequent year of account. In a way, this is simply holding back premium for future claims, but it does mean that each year of account can be closed after three years, and profits distributed.

At one time it was felt that three years was a sufficiently long period during which most of the claims might be settled, leaving comparatively few to be settled by those underwriters re-insuring the particular year of account. In recent years, however, there has been a tendency for there to be a much longer delay (for a variety of reasons) in the settlement of claims. As a result, in many cases there has been an increase in the amount of re-insurance premium which has had to be paid before a year of account could be closed. For many types of liability claim, where arguments can spread over many year, a substantial proportion of the major claims may very well not be settled within the three-year period.

Little reserve

Profitability has been good in the case of those accounts which have been closed in recent years. For instance, the 1970 account, closed at the end of 1972, produced a profit of £65m., representing about 8.26 per cent. of the premium income of more than £786m. If, however, one looks at the underwriting on its own, without the contribution from investments, the margin was only 4.4 per cent.—which leaves very little reserve for the catastrophe, currency fluctuations, etc.

In the past, when it was easier to make underwriting profits, many syndicates concentrated more on the underwriting than the investment aspect. Latterly, however, the investment aspect has taken on increasing importance—as can be judged from the above figures. Even so, underwriters at Lloyd's are different from a number of companies in the London market in that they are not anxious to write risks for a relatively large volume of premium, with a view to the investment opportunities, in the knowledge that in due course (but, perhaps, not for some years) all or a substantial part of the premium will have to be paid out in claims. Lloyd's underwriters are faced with limitations on premium income which are imposed solely on the grounds of security.


The Long Room at Lloyd's.

At one stage, because of these premium income limits, there was a serious shortage of "capacity" in certain sectors of the Lloyd's market. But recently, because of the good results being published, there has been a marked influx of new members, with a resultant increase in capacity. Now, for the normal run of business, there are no capacity problems.

Last year, 994 candidates were elected as members of Lloyd's, more than double the previous highest figure of 435 in 1971. All the indications are that about the same number of new members may start underwriting on January 1 next. The "wastage" of members is comparatively low. In each of the last two years, about 90 members have died, and an average of about 60 have resigned.

The future is not going to be easy, because of inflation, severe competition throughout the world, and a number of other factors. The 1970 profits may look attractive, but, as the chairman of Lloyd's has said, any underwriter who is underwriting hull, fire, liability or motor risks to-day on 1970 rates will not be underwriting in 1974—his losses would be that heavy.

The indications are that 1971 will be profitable and, certainly, the percentage settlements for 1971 are better on all classes of business than for 1970 at the corresponding stage. That, however, is not an infallible guide since there is a tendency for claims to take longer to settle than in the past. What must be remembered is that a great many claims have been settled this year on the 1971 account, and they are in a foreign currency. Underwriters, therefore, have had to pay much more to buy that foreign currency than if they had bought it in 1971 or 1972.

For Lloyd's, which derives about 75 per cent. of its business from overseas, the deteriorating currency position has made its foreign claims that much more expensive to settle. Earlier in the year, the chairman said that the fall in the exchange rate of the pound alone was enough to obliterate the profit on the 1970 account.

At the moment, the Lloyd's market is facing fiercer competition (particularly from the U.S.) than at any time in the past. Particularly in view of the increase in membership at Lloyd's, underwriters are not anxious to turn down business, because they need a certain volume of premium. Nevertheless, some rates have been brought down by competition to levels which will almost certainly prove to be uneconomic. Underwriters quite appreciate that if they turn down the renewal of a risk which they have insured for many years, it will go to a competitor and they may never see it again. As a result, while appreciating that many premium rates are too low, a number of underwriters are hoping to ride out the storm, and that much of the competition will fall by the wayside.

Greater expertise

Certainly, when thinking of competition, Lloyd's has two advantages—its expertise and low administrative costs. Probably at no time in the past has there been greater expertise within the Lloyd's market, and certainly never has it been more needed than to-day. There is increasing specialisation on the part of underwriters, but, even so, to a great extent they must be dependent on the advice and recommendations given by technical experts within the various fields.

Underwriters' statistics have become much more sophisticated in recent years, but the tendency is for each syndicate to keep its own statistics. There could well be a case for the market as a whole maintaining comprehensive statistics, against which individual syndicates could judge their own figures.

To operate in the City in any form these days is not a cheap exercise. Nevertheless, for underwriters at Lloyd's overheads are very much lower than for insurance companies in the City or in many other parts of the world.

Lloyd's is proud of its traditions, but is always ready to make changes when necessary. The flexibility of the market is one of its great advantages, which will stand it in good stead in the changing conditions of the future.

BIA re-defines its role

By MICHAEL BLANDEN

During the past couple of years a good deal of effort has been put into the problem of re-examining and re-defining the role and operations of the British Insurance Association, both internally and from the point of view of its external relationships. In the aftermath of the Vehicle and General crash in early 1971, the Association was presented with a considerable problem in overcoming the damage done by that situation to its public image. It was necessary to make it clear at the time that, in spite of earlier publicity, the BIA had no pretence to take on any role of monitoring or controlling the insurance industry. Given its structure, as by and large a trade association like any other, it lacks the sanctions which would be necessary to carry out any function of this kind even if it wanted to take on the burden.

While the BIA has for these reasons tended to keep a fairly low profile in its public relations during this period, however, it has in fact been probably more involved than ever before in detailed and extensive co-operation with the Government and other authorities in areas of major public interest. As a trade association, the BIA has to keep in mind that its main business remains the "protection, promotion and advancement" of the insurance industry. But in the nature of that industry, it is unable to avoid a deep responsibility to the public and to the authorities which have to exercise control over the industry.

Unusually diverse

Two obvious examples of this stand out in the past year or so. First, the new insurance legislation, prepared at a time when it had become clear that the protection offered to policyholders under the previous Acts needed strengthening and with the full co-operation and support of the insurance industry. Secondly, the recently established Institutional Shareholders' Committee, set up as the result of the initiative of Lord O'Brien when he was Governor of the Bank of England, which the BIA members after some initial opposition eventually found it possible to support.

If the BIA recognises the importance of its public role, however, it also has to face the fact that like any trade association it has to retain the support of its members. It cannot move too far or too fast if the main body of the industry is not thinking on the same lines. And in some ways, it has greater problems than most associations of this kind simply because its membership is unusually diverse, in terms of the variety of the domestic and international business involved and of the size and opinions of its membership. These two strands, the importance of the BIA's public role and the difficulty met at times in establishing a common view, run through many of the recent events in which it has been involved.

Much of the work carried out by the Association is, as in any other association of this kind, of a fairly routine character and designed primarily to help the interest of the members. The work of the Motor Risks Statistics Bureau and other work on risk statistics, for example, is directly relevant to the way in which the members carry on their business. Even here, however, the operation impinges on the public interest: the statistics produced by the MRSB have recently started to be provided to the Department of Trade and Industry as a contribution to carrying out its responsibility for supervising the industry's solvency.

The same is equally true of many other of the operations carried out by the BIA for mainly internal reasons. The Thatcham motor insurance repair research centre, a joint venture with Lloyd's of which the Association is particularly proud, is clearly of benefit to the members—it was reckoned that the first of its reports has been saving the industry some £500,000 a year as the result of improved methods of car door repair. It is also, however, important to the motoring public generally as one form of activity which holds out the hope of limiting the rapidly rising costs of motor insurance.

In other areas the public relations activities carried out by the BIA as the insurance industry's representative are of much wider significance than merely internal. For example, the activities of the Central Fire Liaison Panel in the difficult fight to contain the costs of fire losses and the Association's co-operation with other authorities in crime prevention represent a significant contribution at a national level.

The nature of the industry also involves the Association in a relationship with the Government which must be regarded as exceptional. In this area, again, some of the activities concerned are mainly of a technical nature and concerned with the "protection" aspect of the BIA's functions. In this category, for example, would fall the work done on taxation, in relation to the introduction of VAT and of the new corporation tax system. Of more general interest is the co-operation now necessary to cope with the implications of Common Market membership and the new and possibly more restrictive legislation which this could entail.

The relationship with the Government, as well as some of the problems with which the BIA has had to come to terms, are illustrated most obviously by the new legislation for the control of the insurance industry brought in this year. The co-operation with the authorities has probably never been as close as during the period of consultations which led up to the formulation of the new Act. And the process can be counted a considerable success for the BIA as representative for the industry. It has succeeded in facing the problem which arose in the wake of the V and G situation, of defining more clearly the areas which it is appropriate for it to concern itself with and those which it is necessary to leave to the authorities.

Traditional freedom

As a result of the Act, it has been made quite plain that the responsibility for policing the insurance industry must rest with the DTI with the help of its considerably extended supervisory powers. In another area where the industry had been expressing concern for some time, provisions have been built into the legislation to ensure the segregation of life assurance funds and the protection of their policyholders. At the same time, however, the Act has retained the principle of most importance for the insurance industry, the "freedom with publicity" approach to supervision which leaves it still with its traditional freedom of operation.

It is perhaps in the area of shareholder protection that the BIA has been seen at its most uncomfortable in the past year. The activities of its investment protection committee, like those of other institutional shareholders' groups are obviously of importance outside the membership of the Association even where they are of a largely technical nature. On controversial issues like the Mersey Docks and Harbour Company argument, for example, the weight of the insurance companies can be crucial to the negotiation of settlements in the best interests of all investors.

In many ways, the BIA is

Continued on next page

Brokers' growing influence as a sales outlet...

By ROY LEVINE

Because of the size and nature of the U.K. insurance industry, insurance brokers provide an essential retail sales outlet for insurance companies. The importance of brokers was indicated by a study carried out by the Economist Intelligence Unit for the Corporation of Insurance Brokers which showed that their share of certain sectors of the total insurance market was predominant. For instance, the total market for marine insurance, both in the U.K. and in overseas business written amounted to some £460m. of which no less than 90 per cent. came from brokers. Similarly, that precentage pertains to the £312m. pensions business written.

Next comes commercial and personal accident insurance and brokers introduced 74 per cent. of the £420m. Brokers are, however, relatively less important in other forms of insurance business and the figures show that they account for 30 per cent. of the £180m. private motor business, a fifth of the £75m. household insurance, virtually nothing of industrial life and 29 per cent. of ordinary life which was worth £875m. in total.

There are three main forms of retail distribution for insurance companies: direct selling, which can be from door-to-door or over the counter, coupon reply advertisements, and brokers.

Of the three, coupon reply advertisements is perhaps the less important in actually bringing in business although this form can bring benefits through greater awareness of a particular insurance company or product and is often used when new companies or products are launched.

Selling methods

This variety of selling methods is one of the major obstacles to regulating the marketing of life assurance, both through legislation or self regulation in the industry. This fact was recognised in the Sir Hilary Scott report on linked-life assurance earlier this year. The committee steered clear of many of the controversial suggestions laid down by professional bodies like the accountants and lawyers which recommended, for example, that insurance salesmen be licensed. Instead the committee stuck to issues that could be implemented without disturbing traditional methods of retailing.

In the meantime, there has been a great increase in the proportion of life assurance sold, by full-time professionals. Six years ago over 80 per cent. of life assurance was sold through part-timers, whereas now the proportion must be around 50 per cent.

This has resulted from the considerable growth of life broking firms and the development of sales forces, as well as the clearing banks' decision to build up their own broking services to replace the agencies operated by branch managers.

This development is of mutual benefit to the public and life insurance companies. Independent insurance brokers can pick and choose from the whole market and thus offer a client what they consider to be the best policy—while the dependence by a company on brokers to some extent ensures that the company has to be competitive in products, rates, bonuses and investment management. In helping to build up the image of life assurance, brokers are important since they can influence the choice of a life policy which the public buy. In this respect it is significant that the Scott Committee reported no difference between equity-linked assurance and ordinary or conventional assurance as far as selling was concerned. Generally, brokers are thorough in their guidance but it only takes misconduct from a handful to create a stigma for the industry.

The intermediary is becoming more and more influential in the distribution of life assurance and this need has been recognised by the establishment of more facilities like brochures and handbooks prepared by insurance groups. Brokers as well as accountants, lawyers, bank managers and the like are helping to spread the insurance message.

7,500 solicitors

It is estimated there are about 7,500 solicitors acting as agents for insurance companies handling mainly life but also household and commercial insurance. That compares with about 9,000 accountants and perhaps 15,000 bank managers playing the same role. Estate agents, too, are an important ingredient in this "mix." Similarly, there are over 30,000 garages which act as agents for private motor insurance.

For many of the large broking houses not concentrating in life assurance and other personal financial services, handling personal accounts is usually unprofitable and thus can become an administrative strain. In many cases they will provide a personal service if asked to do so but prefer to concentrate on their traditional commercial business for large groups.

There are around 260 firms of Lloyds brokers who actively handle, place and develop new insurance policies each year. These firms range in size from those with only a handful of personnel to the large and publicly quoted companies whose market capitalisations are sometimes greater than those of some insurance companies. Because it is such a competitive environment, specialisation in certain fields has evolved among many of the firms. Thus some firms handle only marine or aviation or motor insurance while others only deal in re-insurance.

The expenses of running a firm of Lloyds brokers are usually greater, pro-rata, than those of running a firm of non-Lloyds brokers. The bulk of the annual premium income comes mainly from overseas thus helping to boost the nation's invisible exports. In the U.K. the insurance broker plays a more prominent role than in most other countries. This is because agents are usually tied to sell one kind of insurance and are sometimes licensed in countries abroad.

The existence of this second force in the U.K. has benefited both the public and the industry itself. In many cases some of the leading brokers have helped develop new policies for needs which they have seen before the insurance companies.

...and their service to the insurer

By KEITH LEWIS

The insurance broker has played a major role in the growth and evolution of the insurance industry in all its many forms. The last time a market research job was carried out on the insurance industry was in 1970, by the Economist Intelligence Unit; the figures, in fact, related to two years prior to that. Looking at the U.K. in isolation it was found that brokers were responsible for around 74 per cent. of the commercial/industrial insurance, for around 90 per cent. of marine business and pensions and just about 30 per cent. in the cases of private motor insurance and life assurance. With the possible exception of the latter it is unlikely that the picture has changed very much since then. Of a total £420m. collected in 1972 in the way of insurance premiums, brokers accounted for some £58m.

Uniquely placed

The question is often asked why anyone should wish to buy any form of insurance or life assurance through a broker when it perhaps makes more sense to deal with the insurance company direct. And, conversely, why should an insurance company be prepared to pay commissions to brokers for similar reasons. The answer is that brokers are uniquely placed to offer a client advice which is based on the ability to shop around. And if the insurance is sold properly the client will stick and probably put more business that way. Our cost-conscious corporations almost invariably operate through brokers, and it was significant when recently British Leyland, which had taken its business away from brokers to deal with on its own, came back in and employed a broker to transact its insurance business.

It is virtually impossible for one insurance company to offer the best contracts in every field of the insurance market and as many brokers will be prepared to testify there is no such thing as "one-stop-shopping."

Brokers have been responsible in the past for a fair amount of innovation in the insurance industry, simply because they are in a field coming to grips with a variety of problems to which solutions have to be found. One very good example of this has been the development of the "all risks" policy. Others will doubtless follow and it is certainly true in the life assurance industry that much of the marketing strategy in the single premium bond market has been formulated on the advice of brokers. If the brokers are not pleased with a product then it certainly will not sell: it is quite wrong to suggest, certainly with the major companies, that heavy commission is the sole reason for the success of any savings product. Any major broker will be more concerned with design of product and the service which the life company can give: the level of commission is naturally a consideration, but not an overriding one.

It is true, however, that a certain fringe element in the broking fraternity has been responsible for mis-selling some forms of life assurance. Single premium bonds have lent themselves most readily to this, especially with the companies writing this type of business eager to carve out as large a market share of this growth area as possible. Some companies have formed their own direct selling organisations, have found them too difficult and expensive to control, and have subsequently abandoned the idea. Thus, with some brokers employing their own sales forces it is even more difficult for the insurance company to monitor the conduct of salesmen. However, if the recommendations put forward in the report by Sir Hilary Scott in April of this year—including the introduction of a "cooling off" period during which the client may change his mind—the situation should be tightened up considerably.

Three avenues

In the savings market, the life company really has three avenues open to it: it can advertise in the newspapers, it can employ a sales force, or it can operate through the broker market, or it can do all three. Some companies, however, like Hill Samuel Life, rely almost solely on the broker market for business and employ representatives to keep in close contact. In this way it is possible that the broker will have a direct influence on the nature of new policies.

An example of the growing stature of brokers may be seen in the emergence of risk management subsidiaries. The term "risk management," in fact, involves the identification and elimination of areas of risk—whether they be related to assets, earnings or persons. In many cases the risk management consultant will be able to bring about a considerable reduction in insurance premiums merely by implementing basic precautions within a company. One of the tasks in formulating a report will be a review of the insurance portfolio of a company. In some cases the insurance may be inadequate, while in others it may be more advantageous to actually carry more of certain risks. In other instances the consultant may well recommend the setting up of a "captive" insurance subsidiary to transact the company's own business: such a company opens the way to the immensely important reinsurance market.

To-day's broker, then, is a highly skilled professional who will be dealing with all manner of problems, both domestic and international. The relationship with the insurance companies is vitally important to both parties concerned, and, ultimately, the consumer. With the growing complexity of contracts offered the broker's function is essential since it remains a truism that "insurance has to be sold."

CONTINUED FROM PREVIOUS PAGE

BIA

appy to co-operate with other uthorities in this area: in the upport of the Takeover Panel id Code, for example, and in ontacts with the Stock xchange. Where necessary, o, it is able to take important itiatives as in the rules which set out this year for the nduct of share option and centive schemes.

The BIA, however, has tended be among the less publicly tive of the investment protec- n committees—compared, for ample, with others such as the ational Association of Pension nds. And this year the Association was without doubt in fficulties when it found itself, a result of the initiative of rd O'Brien, involved in the uch wider debate over the blic responsibilities of large areholders and their role in couraging the improvement of dustrial management.

It was after considerable sitation that the BIA eventuy saw its way clear to suprting the joint Institutional areholders' Committee in a m which was considerably tered down from its initial iception. There is still conerable reluctance within the lustry to take on too active l public a role in this area, ced for example by Lord De sle, chairman of Phoenix surance in his annual statent this year.

While agreeing that in cern cases it might be approate for consultations to take ce between institutional reholders, he stressed their me responsibility for the investment of their clients' funds and showed reservations about the establishment of an organised and public joint operation among them.

This illustrates the problems of leading a group of diverse and powerful institutions of the kind of the BIA membership. And it is perhaps partly for this reason that the Association shows no apparent inclination to join a trend evident elsewhere in the City to set up a structure designed to provide a more active leadership and a more conspicuous public voice. Both the Stock Exchange, with its plans to appoint a chief executive, and the banks, with Lord O'Brien's appointment as President of the increasingly influential British Bankers' Association, have indicated that they are moving in this direction. But the BIA prefers its present system with a chairman from one of the member companies backed up by an effective permanent staff.

It is time-consuming for the chairman and for other members of the industry who are seconded to carry out various negotiations on its behalf. But it ensures that the various points of view within the BIA membership are listened to. The problem is unlikely to get any easier when the Association carries through its plan, in the light of recent events, to extend the opportunity of membership, at present restricted to U.K. and Commonwealth companies, to all insurers established and licensed to carry on insurance business in the U.K.

INSURANCE XIV

New interest in risk management

By KEITH LEWIS

The "risk management" concept is still fairly new to this country: it was imported from North America—where it has been an accepted practice for over 30 years—towards the end of the 1960s. Acceptance of risk management is now accelerating rapidly, although there is still the basic resistance to anything that involves some form of discipline and also that defies exact definition. Mr. L. J. Meldrum, of Risk Management Consultants, describes the aim of risk management as follows: "To protect assets, earnings, liabilities—and people—against risk, with maximum efficiency, and at minimum cost."

Fancy device

To a great many people risk management remains a fancy device for selling insurance, and something that any good insurance broker has been doing for years any way. And it is true that most risk management groups are subsidiaries of insurance brokers. However, to put this criticism into perspective, insurance is quite *frequently used as a "tool" for* laying off risk and the overall job in fact involves quite a good deal more than that. In many cases corporations will only entertain the idea of risk management if the recommendations involve saving sufficient insurance premiums to pay for the survey.

It has been on the major companies that most impact has been made—so much so, in fact, that a few have even appointed their own risk managers. The purchase of insurance has, in the past, quite often fallen to junior staff or perhaps the company secretary of a company. But insurance costs for the large corporation have swollen so dramatically in recent years that it has become a major expense item. And also, of course, the extent of insurance cover has stretched to take into account changes in our society. An example of this would be where a company covers itself against any possible loss arising out of pollution.

The consultant's job is to examine and prepare a report of the areas of risk exposure for a fee, and then it is up to the company concerned whether it goes ahead or not. The company may even accept the recommendations and take the business elsewhere. However, to help the consultant prepare that report will be a team of experts; some consultancies have their own staff engineers, chemists, surveyors, loss *assessors, industrial hygienists* and, of course, insurance technicians. The advice could range from bricking up a doorway to installing sophisticated equipment costing thousands of pounds.

The most common area of risk remains fire protection. The installation of a sprinkler system, *for example, may save* a firm a large chunk of insurance premiums as well as providing a great deal more safety for the people involved. Advice is often given as to the actual equipment that should be installed. The recommendation may merely be to separate buildings where there may be a high concentration of value; or to introduce a safer method of stacking in the case of a warehouse; or to sealing up a hole in a wall to prevent spread of fire.

Industrial spying

Security is also looming large *at the moment with more and* more cases of industrial espionage. Computer security is particularly important since the knowledge stored is available to anyone who has access to the computer itself. It therefore *becomes vital that no* unauthorised persons have such access, that staff are carefully chosen and that there are adequate precautions outside working hours.

The volume of legislation designed to protect the consumer of either goods or services has greatly increased corporate liability. Environmental conditions for staff are of utmost importance—even the seemingly mundane items such as *lighting, heating* and ventilation—since these can expose a company to personal claims for damage. *Accident prevention* is obviously another very important area.

There are a great many recommendations that will come in the "common sense" category. Take, for example, a company that relies for raw materials on just one supplier. If that supplier should suffer a total loss of production—through, say, a fire or power failure— then the company could be faced with a serious consequential loss, especially if the end product relies on a consumer following which could be destroyed if not kept on display. A loss of market share could be permanent with some items. In such a case it is quite often possible for the company to come to a two-way agreement with a competitor to the effect that sufficient raw materials (or even end products) are supplied to keep production lines flowing.

Another example of taking fundamental precautions would be where a company may stock all its valuable goods in one building when perhaps it may be a lot safer from the fire hazard point of view to spread the goods over a number of sites. Another essential is that all the top executives should never travel together on the same aircraft. All of these things illustrate the basic *function of the consultant, which is to identify* and render harmless possible areas of risk.

The larger company, spend*ing perhaps £¼m. per annum* in the way of insurance premiums, can save quite large sums of money through implementing such overall plans, which partly explains why it is only at the top end that risk managers have made any impact. There are some other reasons, of course: first, the major corporation will probably employ either a risk manager if it is extremely enlightened or a full-time insurance buyer; second, it will be more used to paying fees for services; and, third, it will be more susceptible to financial arguments and more used to self-analysis. And on top of that, of course, there is the question of public image and goodwill.

It is up to every company to decide how much risk it can carry and how much should be *laid off. But* with a large number of other issues coming into play, such as a company's responsibilities not only to its shareholders but to society in general, it is likely that the risk management concept will grow in stature and that the smaller companies too will become interested.

Medical schemes flourishing

By ERIC SHORT

In these days of a comprehensive National Health and Social Security Service, the need for the provision of various forms of sickness insurance would be expected to be marginal. This is far from the actual situation. This branch of insurance, although much smaller than the main branches, is flourishing and growing steadily.

The reasons for this situation are many. A discussion of them these days generates considerable heat and tends to become quite emotional. At present, private medicine is an alternative to the National Health Service, although many people use it as a supplement to National Health. Also, more and more people are making use of the services available in private medicine.

But the cost of private *medicine is heavy. One way to* meet such expense, if and when it happens, is to take out insurance against it. This is one branch of sickness insurance, a very important one and possibly what the man-in-the-street understands by sickness insurance.

The second fact is that there are gaps and weaknesses in the benefit structure of the social security system. Extra expenses can be run up at times of illness. Sickness insurance can provide additional benefits at these times and help to fill such gaps in the social security system.

If this was not the situation, then there would be little demand for the types of policies offered by the industry. In fact business is looking up. What is required is that such business, as with other branches of the insurance industry, is run on a sound basis.

As stated, an important area covered by sickness insurance is provision to meet the cost of medical fees and hospitalisation *for treatment in the private sec*tor of medicine. The benefits provided comprise the costs covering hospital or nursing home accommodation charges, specialists' and surgeons' fees. Usually, there is no restriction *on the period of claim, nor on* continuity once the insurance has been effected.

The dominant organisation providing this type of insurance is The British United Provident Association (BUPA). It is a *non-profit making organisation,* whose activities extend beyond the provision of insurance of hospital costs. BUPA offers a very comprehensive series of benefits designed to suit most pockets and tailored to meet *most needs. The number of* registrations has grown from 39,000 at the end of 1948 to 795,000 at the end of 1972. Of these registrations, two-thirds are from group insurance and one-third individual insurance. These figures illustrate the growing use being made of such insurance schemes.

Group subscribers

The growth in the number of group subscribers has been a characteristic of hospital sickness plans. Employers are taking steps to provide sickness cover for their employees. The reasons for this development again arise from one of the features of the National Health Service. Its monolithic size has resulted in a queueing problem for admissions to hospital. For an employer this has two effects. First, the uncertainty and waiting can have a detrimental effect on the employee and thus on his work. Secondly, when the admission does take place, it could well be at a time inconvenient to the employer.

With private treatment, these two effects can be minimised to the benefit of employer and employee. In addition, with the additional facilities available resulting from being in a separate room instead of a ward, it is much easier for employer and employee to keep *in touch, once the immediate* causes of hospitalisation have been dealt with and recovery has begun. Obviously, these arguments apply more to key personnel than to the ordinary employee.

The employer, in providing this type of group cover, is not only conferring a social benefit on his employees, but in the long run gaining economically by reducing the disruption caused by illness. In addition, the cost of such cover is an allowable business expense to the employer.

Cash sum

The second area covered by sickness insurance is the provision of what is known as "hospital cash." This is the provision of the payment of a cash sum for each night in hospital or registered nursing home. Extra expenses can be incurred when one is in hospital. There could be the additional expense of convalescence after a period of hospitalisation. Normal family expenses still arise in these times.

For those people whose salary or wages cease immediately on sickness, such payments would be very useful. The scale of payments under social security for sickness are often inadequate and supplementary benefits have to be applied for. This is a gap in the present benefit structure which sickness insurance helps to fill. Where salary or wages continue to be paid for a given period in the event of sickness the problem is not so acute. Nevertheless, extra cash would be useful to meet any extra expense. However, if it is the wife or other dependant who has to go into hospital, then the extra expenses such as obtaining help in the house could be considerable.

The type of scheme outlined above is valid whether the hospitalisation is under the National Health Service or as a private patient. In particular, such a scheme would commend itself to those who are self-employed. To these, sickness can turn out to be very expensive. For instance, a small shopkeeper might have to take on someone to mind the shop while he was away. Many schemes of this type are sponsored and sold, mainly by coupon advertisements, by American brokers operating in the U.K. They have acquired the expertise from the U.S., where sickness insurance, in the absence of a comprehensive health service, plays a more vital role in the insurance industry.

There is now a scheme available run by BUPA, in conjunction with the Clerical, Medical and General Life Asurance Society. The launching of their hospital cash scheme was made fairly recently. At present promotion has been concentrated on BUPA private and group subscribers. They have found that there is a steady demand for this type of scheme.

The third area in sickness insurance cover is the provision of permanent health insurance. Under this type of insurance, regular cash payments are made when a person is suffering from a disability so that he cannot follow his normal employment. Such incapacity could arise from accident or ill-health. Payments start from the end of a certain qualifying period from the onset of the disability and continue for the whole period the person is incapacitated. This could be right up to the terminating age, usually 60 or 65.

The object of such insurance is to provide for loss of salary or wages through prolonged absence from work or from being prevented from following one's normal work. This provides a very important source of income if the disability is for a long period. Under the social security system, the benefits provided are most inadequate. Even with the help of supplementary benefits, there is little chance that most people would be able to maintain themselves above the subsistence level.

On the private pension *scheme side, the provision of* early retirement or disability benefits has not received the attention that has been given to normal retirement or to widows' benefits. Often there is a need to supplement cover in this *respect by private insurance.* For the outlay of a comparatively modest premium, one can insure that during prolonged sickness, income will not fall below three-quarters of its current level.

Slack demand

The demand for this type of insurance is at present slack. But as one considers the growing importance being placed on the social responsibilities of employers, it seems inevitable that the demand will grow. The new unit-linked offices are beginning to interest themselves in the provision of these types of benefits. For such contracts which provide fixed income are severely affected by the ravages of inflation. The need to protect or "dynamise" the benefits is getting vital.

It should be noted that the benefits paid are at present treated as unearned income by the revenue for income-tax purposes. This seems somewhat harsh if the person concerned is unable to earn his income in the normal way because of disability. But under the present arrangements there is a "tax *holiday" in the first year of* benefit.

Finally, the remaining area covered by sickness insurance is the provision of personal accident benefits. These consist of a lump sum payment in the *event of death, with reduced* lump sum payments for the loss of certain parts of the body such as an arm or an eye. The amount paid is in accordance with a laid down scale.

So at present, sickness insurance seems to be fulfilling two roles. One is to help meet the costs of private medicine and the other to cover the gaps in the benefit structure of the social security system. These gaps appear to be largest where the self-employed are concerned. Unless there are radical changes in the present social security system, the sickness insurance industry is going to grow much more in the future.

Developments in the unit-linked field

By CHRISTOPHER HILL

When unit linked life assur- ance first became noticeable in he early 1960's the types of olicies issued and the underly- ng investment vehicles were omparatively simple. The eason for this was that the unit rust groups mainly saw life ssurance as a method of ensur- ng regular sales of units and llowing the investor to save vith the benefit of life assurance ax relief. However, over the ast few years the tax rules have hanged (there has to be a ninimum death benefit of three- uarters of the premiums pay- ble over the term of the policy o qualify for tax relief) and nit linked life assurance is now een as a major business in tself.

Idea of size

To give some idea of the size f the business, the Scott Report tated that the annual premiums or new unit linked business in 971 amounted to £29m. which as 21 per cent. of the total nnual new premiums for new egular premium whole life and ndowment assurance issued hat year. And, coming more up o date, the last edition of the quity Linked Assurance listed 3 policies and estimated that nit-linked business was ccounting for 25 to 30 per ent. of new annual premiums. Moreover, progress on the ingle premium side has been ven more marked. It has been stimated that sales of single remium life assurance bonds ebled from £100m. in 1971 to 300m. in 1972—the main eason for this being that the fe assurance sales forces are ble to sell bonds on a direct asis virtually like straight in- estments. In fact there is a chool of thought which reckons nat far too many bonds are eing sold (with high expense oadings) to people who would e much better off just buying nits without life assurance.

However, bonds are relatively imple to understand whereas he regular premium unit linked fe policies have become more ophisticated over the years. But ey still basically split into two ain types. First there are the olicies which invest a certain percentage of each premium in units and reinvest the net income from units on behalf of the policyholder. With the majority of policies of this type there is a front-end loading, but in some cases a level percentage is invested throughout. The second type of policy is that where the company keeps the net income from the units for itself, but in return inflates the level of investment in units or declares reversionary bonuses in cash or units or both. The main basic new element which has been introduced in recent years is the open-ended policy which can be terminated whenever the policyholder wishes, though he must stay in for ten years to secure his tax relief. Other changes mainly comprise the sort of ancillary frills usually associated with endowment policies such as loan facilities.

Apart from this, there have been no really fundamental innovations in the structure of unit linked policies recently and the major change has been the enormously increased scope of investment options available with a unit link—not to mention the fact that the unitised principle has been spreading into non-life contracts such as annuities and pensions. Unit linked policies started out linked to either unit trusts or equity-based internal funds, but the most significant factor since 1968-69 has been the rapid growth in popularity of first the property link and then the managed fund link. They both tend to fluctuate in popularity—and equity-linked contracts generally begin to revive when the equity market perks up—but the life companies have in any case a great many "horses for courses." These include a number of hybrid plans such as Jessel-Britannia Money Manager (where the fund managers decide each month which of the Jessel range of unit trusts will form the investment) and the Laneham Midas Plan where the equity fund is kept small and flexible and the growth element is drained off into a property fund.

The position with equities tends to be rather complicated for it is probably true to say that the public has less confidence in the U.K. stockmarket than it had before the sharp fall in 1970 and is more disposed to favour property investment which seems to be steadier (though perhaps more vulnerable politically). Equities also tend to be contrasted more with fixed interest returns and there is little doubt that anybody who kept his money on deposit at the bank or with a local authority over the past year would have done better than an average investor on the stockmarket.

There are now signs of recent unprecedentedly high interest rates falling—and this is fortunate for the industry because life policies cannot really be expected to maintain growth rates of the order of 10 per cent. compound—although some of them were being sold on illustrations with these assumptions not so long ago. The bitter truth is that almost without exception bonds and plans based on internal equity funds have registered losses over the past year and although some unit trusts have done better than this they have been comparatively few.

Some of the longer-term records of the internal equity funds are also not particularly inspiring and in general policyholders seem to be better off with policies which are linked to unit trusts exposed to the full glare of the performance limelight.

More constant

As for the theories about the benefits of pound-cost averaging, equity-linked policyholders are more inclined to believe when units are averaging up than averaging down. On the other hand, there have been indications over the past year that policyholders are more receptive to the idea that fund managers can maintain a more constant rate of growth by playing world markets rather than just sticking to the U.K. and the U.S.

With unit price rises of anything up to 25 per cent. over the past year the property link has had a lot to shout about and some companies (like Abbey) are starting to be able to point to good growth records over the longer term as well. Managed funds have sparkled a lot less—mainly due to the large equity weighting that a lot of them have—but they have been steadier than funds based purely on equities.

However, one point which both property and managed funds have majored on has been income withdrawal plans (based on a mixture of rental income and capital appreciation) which enable the policyholder to withdraw regular specified amounts ranging up to 10 per cent. per annum but more usually 6 per cent. These are "tax-free," depending on one's tax status and the appeal to retired people is that their income is based on investments which have tended to have more moderate fluctuations. Single premium equity bonds offer the same facilities, but conservatively minded people tend to be more worried about drawing on their capital in this context.

In fact income withdrawal schemes linked to single premium life policies have probably been the main factor in restraining the rapid growth in the number of guaranteed income bonds over the past year. With interest rates as high as they have been, there has been every incentive for the investor to mark time with guaranteed income bonds which are now offering up to 11 per cent. net of basic rate income-tax for the older age groups. A life policy has to do pretty well to compete with this in the context of an older person and even the younger person now has the option of taking out two and three-year bonds.

But where younger people are concerned there is clearly more sense in taking out a unit-linked policy for long-term appreciation than taking a fixed rate of interest. And this is a message which ought to become more apparent over the coming year now that political pressures on property investment have eased and the U.K. stock market is historically low.

Assessing reactions to the Scott Report

By CHRISTOPHER HILL

One way of assessing the life surance industry's reaction to e Scott Committee's report on operty bonds is to look at the t of asociations, councils, com- nies and individuals who gave idence at the time. They all d various axes to grind, pecially the nine companies avily involved in linked busi- ss who for the most part con- buted voluminous written dence which often included volutionary proposals—by life urance standards. Moreover, a number of cases, their atti- le was that the brief of Committee was too narrow d that any sanctions which re applied to them would be ially applicable to the rest the life assurance field which outside the committee's ef.

The Scott Committee was con- iously aware of this conflict oughout the two years it sat pril 1971-April 1973) and in- d admitted that there was a in this argument. It admitted example that there was no damental difference between ed and other life assurance cies and fully recognised t "some of our customers may apply to other sectors of the assurance industry not uded in our mandate." It uld also be remembered that le the Committee was reach- its conclusions the Insur- e Companies Bill was being oduced in the House of ds and a number of the re- mendations have been in- led in the Insurance mpanies Amendment Act 3, especially those relating dvertising and the "cooling " period after a direct sale. se apply equally to all life rance and not just unit- ed.

The result is that the Scott ort has been favourably re- ed by the life assurance in- ry as a whole—and icularly by the companies t prominent in the unit- ed field who in 1971 were omfortably conscious of the nt I.O.S. debacle and the ous criticisms of high pressure, direct selling. What they feared most was the specific extension of Government controls aimed at restricting unit linked business. The Law Society for example, suggested in its evidence that sales of linked policies on a door-to-door basis should be prohibited altogether. But, on the whole, the Committee came down heavily on the side of giving more information to the consumer rather than imposing strict Government controls. There was, however, a rider added by one of the members, Miss E. Roberts, who felt that full disclosure was not enough to protect the consumer and that there ought to be an Insurance Commissioner to act as watchdog; a system of maximum charges; the enforcement of a proper spread of investments, along unit trust lines; and standardised rules—applicable to all life companies—for the calculation of unit values. In her opinion, there were too many methods.

Sighs of relief

In a way this rider reflected the divergence of opinion in the life assurance industry at large. All breathed sighs of relief that the report was not calling out for restrictions, but some felt that the recommendations did not go far enough and that there were areas where the Committee had shrugged its shoulders and in effect said that it did not see what could actually be done. These were mainly concerned with the actual marketing of life assurance and where the Committee is particularly open to criticism is on commission payments and the control and education of salesmen and intermediaries. In many ways the Committee was burdened with the fact that if it attacked unit linked methods it would also be attacking conventional life assurance practice.

On the commission problem the Committee came to the conclusion that it would be inequitable among companies to standardise commission payments and that the best method was to make it obligatory for companies to reveal to prospects the proportion of the premiums going into investment and the proportion comprising the expense loading. And as for the licensing of intermediaries, the Committee felt that it would be "impractical to institute a system of licensing confined to linked life assurance and we consider that any system of licensing would need to apply to all types of intermediary." Indeed, they were right, for there is no less reason why the "Pru's" representatives, or solicitors and accountants, or insurance brokers should be any less qualified to sell life assurance than the direct salesmen of the most newly authorised company. This lack of a standardised set of qualifications for selling life assurance is still a sore point for the life assurance industry.

So far as acceptance of the Scott Report's recommendations goes, the unit-linked companies had gone a great deal of the way to meeting them before it ever appeared. Under a fierce onslaught of criticism from newspapers and from reformers within their own ranks, the linked companies went much further along the road towards full disclosure than they had ever done before. This was especially the case with the companies heavily orientated towards property bonds which now produce lavish (almost too lavish) annual reports giving every possible detail about the portfolios, including photographs. The question of having independent valuations of the properties was also quickly dealt with and every company is now completely open and above board about this. In fact one company, Old Broad Street Securities, recently went beyond Scott's requirements by deciding to value formally once a quarter instead of annually.

As for misleading sales material, unqualified growth projections and high pressure sales methods, it would be going too far to say that everything in the garden was completely beautiful. A number of advertisements still contrive to give the impression that the sky is the limit and there is no bottom. Some brochures still do not give the kind of information an actuary or professional advisor would require to make a full assessment of its worth. And whatever control systems are installed it is still difficult to restrain the over-zealous salesman from claiming too much for the product when he is out in the field. Moreover, it is even more difficult to make sure that part-time agents and broker sales forces are doing their work properly. But, to do the linked life companies justice, most of them do make every effort to train their men properly—simply because they realise that they will sell more that way. Hambro Life, for example, has introduced its own system of licensing for its salesmen, allowing only those who have qualified to sell the more complicated products.

Taking place

As for the question of extending the Scott Report's recommendations to all forms of life assurance, this is already taking place and should not meet with too much opposition from life companies as a whole. After all, the lines between unit-linked and conventional forms of assurance have become increasingly blurred and a large number of the "traditional" life companies have fingers growing in the unit-linked pie. More important, the Insurance Companies Amendment Act 1973 has effectively put linked life assurance on all fours with conventional life assurance and has given the DTI wide powers to make regulations governing the form and contents of advertisements and to control other sales methods. This is a good thing for having powers to weed out the mavericks is probably more important than a heavy burden of legislation to make all companies toe the same line. And this view is certainly in keeping with the Scott Report.

Leaders in the move out of town

By PETER RIDDELL, Property Correspondent

The insurance industry has been very active over the past few years in decentralising staff from the London area. Indeed, according to the Location of Offices Bureau records, insurance groups of all kinds have moved more jobs from the capital than any other single sector in the last 10 years.

A total of 20,651 jobs were dispersed in 1963-73 accounting for 18 per cent. of the jobs decentralised, or about to be decentralised, in that period with the assistance of LOB. This figure covers 146 businesses—11 per cent. of the 10-year total—highlighting the fact that insurance moves tend to be larger than the average. There is also evidence showing that insurance companies generally find it easier to move than other organisations since a higher proportion of inquiries are converted into actual moves than for the average of other sectors.

There are a number of reasons why the insurance business has been at the forefront of decentralisation. The basic one is that there is so much potential since a large number of people work in insurance in London and the South-East. Out of 256,400 insurance employees in Great Britain in June 1972, 130,400 work in the South-East of England. There are about 1,100 insurance establishments in central London.

Routine jobs

Moreover, insurance organisations employ a large proportion of people in routine and clerical jobs of various kinds and these are generally the easiest to move. At lot of these jobs can often be carried out anywhere within reasonable reach of London without any effect on efficiency—in fact, often producing an improvement, though there are problems as pointed out later.

Many of the largest insurance companies and brokers have national networks with several provincial branches. This not only means that communications within the organisation are not necessarily affected by a move but, most significantly, that employees above the clerical level are accustomed to moving around the country during their careers. Thus in many insurance companies executives will transfer from one region to another as they move up the career ladder. Similar factors also assist movement in the banking world and the civil service. A national network also has the further advantage that local contracts can assist the actual process of decentralisation by for example, finding a site.

All these factors make insurance a particularly suitable sector for decentralisation but the actual impetus for moving comes from the familiar range of factors. The main one is economising on rent and staff costs. In a number of cases insurance companies have faced the end of a lease at a low rent or a review which has highlighted the potential rental savings from a move—with provincial rents in many cases a quarter of less than the central London level. This is linked with the pressures of expansion forcing companies to look for new and larger premises.

The other main, and increasingly important, influence is staff problems. Many companies are finding it very hard to find suitable clerical labour in central London, especially young women, and there are clear attractions in moving outside London to a town where there is a much larger untapped reasonably educated clerical labour. Staff costs are not that much lower there but since turnover is on average well under the central London level there is less need to incur the heavy expenses of recruiting new staff frequently.

While these factors, either singly or in combination, affect the decisions of most companies there is a wide variation in the pattern of dispersal—depending on the nature and size of the business. Clearly the major organisations will tend to opt for bigger towns with larger pools of labour but otherwise there is a pretty wide spread of dispersal.

Like most other companies decentralising insurance groups tend to prefer to be within a 30 to 40 mile radius of London with convenient road or rail access to the capital a key influence on location. It is, however, significant that there are less moves to the outer London area, apart from a few to Croydon, than on average and more to key centres in the Home Counties where the benefits of large scale dispersal can be fully realised.

Among the major moves are the dispersal of 1,200 Sun Alliance jobs to Horsham, 450 Eagle Star jobs to Sutton, 575 Excess Insurance jobs to Worthing, 1,000 Eagle Star jobs to Cheltenham, 500 Guardian Assurance jobs to Lytham St. Annes, 500 Zurich Insurance jobs to Portsmouth, 450 Guardian Royal Exchange jobs to Ipswich and, most recently, 600 Phoenix Assurance jobs to Bristol. In the insurance broking business the major moves have involved C. E. Heath and Company (600 jobs) to Southend, Norman Frizzell and Partners (800 jobs) to Poole and H. Clarkson and Company (550 jobs) to Canterbury. Among other insurance categories the major moves are the HP Motor Policies (300 jobs) to Newham, Lloyd's Policy Signing (240 jobs) to Havering and Bolton Group (250 jobs) to Poole. All these figures are supplied by the Location of Offices Bureau and some include moves made in two stages, while a number of companies—for example Hambro Life Assurance—which made major moves without LOB assistance are not included.

At the same time there are a sizeable number of much smaller moves—for example, of 20 to 50 jobs—and the locations involved include Tunbridge Wells, Bushey, Aylesbury, Colchester, Folkestone, Stevenage, Ipswich, Darlington, Norwich and Chichester. The majority of moves are partial and only involve the more routine or clerical side of the operation but there are a handful of complete moves among the smaller organisations.

A significant feature of this list of moves is how the insurance sector has steadily spread outward from London. The early moves—for example, Sun Alliance's to Horsham in 1964—were mainly within a close radius of the capital but the average distance has gradually increased. This is partly because the relative advantages in terms of staff costs, rent and housing began to diminish nearer London but also because the potential pool of labour began to fall in these areas so companies were forced to look rather further. Thus Cheltenham and Swindon attracted the attention of a number of companies—not solely in the insurance sector — in the late 1960's and more recently a lot of attention has switched to Bristol, notably with the moves of Phoenix Assurance and the insurance side of the National Westminster Bank.

Suitable areas

This is also partly related to the expansion of the motorway system and the improvement in the inter-city rail network. Other cities to benefit in the last few years are Ipswich and Norwich. As these areas gradually start to be filled up the inevitable question is where next, and the obvious locations here are the South-West and parts of the Midlands. It will also be interesting to see whether the Government's recently announced incentives to service industries to move to the assisted areas have any effect here.

Decentralisation not only offers a number of obvious benefits in terms of lower rents and labour costs but also presents certain problems. The main difficulty is communications as greater dependence on mail, telephone and telex links can cause delays. Indeed a number of insurance brokers, for example, have made a clear decision to remain in London because of communications reasons and because many of their main clients fly into London. The importance of this type of personal contact naturally varies and is less relevant to the more routine operations.

The other main difficulty is that over-expansion of an area, especially a small town, can produce staff shortages, especially among young male workers, though not among female clerical labour which is normally relatively abundant. In any event what evidence there is, in terms of numbers of executives who move back to London, etc., shows that most dispersal operations in the insurance business have been reasonably successful and as the economic pressures become more acute in inner London the process seems certain to continue.

Educating future managers

By MICHAEL DIXON, Education Correspondent

The insurance world is still split on the question of whether it should place greater reliance for its professional education on universities, polytechnics and colleges, and less on its conventional practice of "growing its own timber" with much expert help from the Chartered Insurance Institute. So it will probably come as a surprise—either welcome or irritating, depending on point of view—to both sides of the argument to see how far the move to foster links with the formal higher educational institutions has already progressed.

Figures published in the Policy Holder a few days ago showed that insurance is now an element in courses at least half of the country's universities, and in a dozen polytechnics and colleges.

Not all of this development is recent, of course. The actuarial side, particularly, has had connections with the Scottish universities for a good many years. But even here there is a notable new event—a Chair of Actuarial Science has just been established at the City University in London, with the aid of the Life Offices' Association, the Association of Consulting Actuaries, and a charitable trust which insists on remaining anonymous. The first holder of this professorial chair is Dr. Bernard Benjamin, a past president of the Institute of Actuaries.

There can be no longer any doubt that one part of the move towards alliance with formal higher education—that of getting insurance accepted as a fitting subject for academic study—has now gained a good foothold.

One sees evidence of surprising developments, also, in the other part of the move—that of increasing the recruitment of graduates whose degree studies have overwhelmingly not touched on the subject of insurance at all. While the profession is still far from being a major recruiter of degree-holders, the evidence is that insurance's intake of new graduates has outstripped that of the clearing banks. Figures reaching me by way of the Centre for Insurance Studies at Sussex University indicates that last year 16 insurance concerns with total staff of 60,561 together recruited 293 graduates, whereas certain clearing banks with total staff of 129,713 recruited only 195.

Highly encouraging

All this is highly encouraging for the advocates of a much stronger alliance—so encouraging, in fact, that on learning of the developments which have come about, one representative of the "pro-university" school of thought could hardly refrain from rubbing his hands together. Why was he so pleased?

"Well, I'm delighted to see British universities and colleges paying attention to insurance. It was certainly time they did so: universities in the United States and in Europe have been offering degree studies in insurance for a longish time in the past. I really do think that it is a topic worthy of serious and full-time study, and that the insurance industry can only benefit by having it treated as such in this country's academic institutions.

"As for the recruitment of graduates, I'm sure that it must also have beneficial effects. Now don't mistake me, I would be the first to applaud what the Chartered Insurance Institute has done, and to agree that the "grow our own" policy of the past has resulted in a profession consisting on the whole of very good people. But an effect of this, which I consider unfortunate, is that at the top the profession consists with very little exception—on the non-life side at least—of people who have all been brought up the same way. You know, they came from the grammar type of schooling at about 16 years old and, under the old Buggins's Turn system, moved up through the ranks ending up in one of the top triangle positions at about the age of 50.

"As I said, we have gained a lot from this process. But it has also lost us something. Being so overwhelmingly made up of the same sort of people, we lack the broad approach to things. And I think that recruiting more and more people who have received the broad education that you get at a university, will bring into the profession the wider approach that it needs."

He rested his case and waited for questions. His argument was enthusiastic, I said, but surely it was not as cut and dried as all that. Could he show, for example, that the university courses in insurance in the U.S. and Europe had resulted in those countries' insurance industries being more effective than the British industry?

"Ah well," he replied, "there are complications to that one. Certainly I'd say that as far as technical insurance matters go, we in Britain are the best. And I think that most foreign insurance people would admit it. But they feel that they're better than us at running their companies in the general management sense. It is in this aspect—such as man management, for instance—that the British industry generally lags behind, and therefore needs new blood."

Next question

My turn again. But could he show, I asked, that increased recruitment of graduates—as distinct from a different emphasis in the in-service training—was going to produce the necessary improvements in general-type management? After all, companies in other industries which have greater experience of employing graduates, seem in many instances to have decided that degree-holders are no more likely to become good managers than non-graduates are.

The pro-university man could not produce a convincing answer to this one, and so I feel that the conclusion must be that he is basing his case for a greater intake of people from the universities, largely on faith.

Although his case is not proved, however, it certainly is not disproved. And there certainly seems to be no cogent reason why insurance companies should not gradually step up their graduate recruitment, especially since a steadily higher proportion of the more successful school pupils will in future be going into further and higher education, instead of directly into employment. Where recruitment is concerned flexibility is surely the best policy. Rigid attitudes either for or against the intake of graduates can only be damaging.

A lack of harmony over participation

BY JOHN ELLIOTT, LABOUR EDITOR

[F]OR SEVERAL MONTHS a [s]mall group of senior Govern[m]ent Ministers has been meet[in]g regularly to try to thrash [o]ut a broad policy document on [w]hat at first glance might not [s]eem too complicated a subject [—]worker participation. So far [th]ey have failed to finalise their [wo]rk, partly because of other [m]ore pressing problems but [m]ainly because of a basic lack [o]f understanding and agree[m]ent on what should be done in [th]is field.

They are not alone if they [f]eel rather lost, as they appear [to], towards the end of a year [w]hich has seen worker partici[p]ation become a fashionable [su]bject for debate. The the past [1]2 months the TUC has come [do]wn in favour of unions effec[ti]vely controlling any new [p]articipation moves — including [w]orker directors. The CBI has [al]so tackled the problem of the [so]cial responsibilities of com[p]anies but has failed to agree [o]n what to do about worker [p]articipation.

In Brussels the Common [M]arket Commission is still [d]ebating its new proposals for [c]ompany laws and the role to [b]e played by workers' councils [an]d directors. Also in Brussels, [th]e European Trades Union [C]onfederation appears to be [s]winging behind the British [T]UC's union-based line while in [G]ermany the traditional "co-[de]termination" approach to [la]bour affairs is changing.

Motives

In the U.K., as in Europe, the [m]otives of those advocating [n]ew means of participation vary [w]idely. The Government is [p]artly reacting to the need to [d]raw up a policy for debate in [B]russels, while at the same time [re]sponding to changes in [so]ciety and in people's [am]bitions which indicate the need for more involvement at work. Behind this is a hope that participation in almost any of its various forms should do no harm and might even do some good for industrial relations in general. At the same time there is a view among Ministers that any moves which make capitalism look and operate more respectably can only be helpful. It is this last priority, embracing as it does the whole question of the role of the company, that extends the subject beyond industrial or employee relations. For worker directors can be a way of involving workers in company affairs to increase worker participation or a way of bringing outside pressures into the boardroom.

Originally the Department of Employment had hoped that a Green Paper (or a "consultative document" which is in effect the same thing but can be given away free while Green Papers have to be sold) setting out the Government's proposals, would be produced at the end of the summer. Accordingly, a draft was prepared in the Department of Employment and taken by Mr. Maurice Macmillan, Secretary for Employment, to a meeting with a handful of other Ministers, including Mr. Robert Carr, the Home Secretary, and Sir Geoffrey Howe, Minister for Trade and Consumer Affairs—the two Ministers responsible for creating the Industrial Relations Act. It is now clear that Mr. Macmillan's ideas came as something of a shock to most of the rest of Whitehall which had to come to grips with the problem for the first time. His ideas, considered too vague, were hardened up into what would almost have been a White Paper. Then it was decided to be less precise—and now yet another draft is being prepared and the publication date is being put as early in the New Year.

Although the Government still has no basic policy, some common aims have emerged among Ministers. They all believe that participation primarily means improved communication and consultation between all levels of the workforce and management and that this should be built from the bottom upwards rather than the top downwards. Put more crudely, this means that they like the idea of works councils more than worker directors, but would not oppose experiments in either. They are also ready to go ahead almost immediately with consultations on the disclosure of company information to employees and union negotiators.

Differences

But on the application of the main participation ideas there are considerable differences which basically hinge on the role of established trade unions in any new arrangements. This illustrates the basic differences between U.K. practice and European tradition as epitomised in Germany where trade unions play a national wage bargaining role but have no formal function in the factory-based worker-director and works council systems. This works because, until fairly recently at least, trade unions in Germany have had no effective shop floor base—unlike the U.K. where a strong shop steward system is the basis of union organisation.

The Government's problem, given that it considers that works councils should exist to increase consultation and communication, is how to make such councils fit in with the U.K.'s shop steward-based labour system while at the same time effectively covering the whole work force. The Government Ministers involved are determined not to provide the TUC with a free recruiting drive among the country's 15m. workers who are not members of TUC unions by making their proposals purely union-based. But, on the other hand, Mr. Macmillan at least is aware that there is little point in tabling any proposals which are so non-union oriented as to alienate the TUC.

Mr. Jack Jones (left), general secretary of the Transport and General Workers' Union, has strongly influenced TUC thinking against works councils which are favoured by Mr. Maurice Macmillan (right), Secretary for Employment, and other Ministers.

For its part, the TUC is so far adamant, according to its own "Green Paper" on industrial democracy published this summer, that any schemes for worker directors must provide for shop floor-elected directors making up 50 per cent. of the Board and remaining part of the union machine.

The TUC is also against works councils, with union leaders like Mr. Jack Jones of the Transport Workers, who has probably done more than any other one man to influence TUC thinking, regarding them as either irrelevant or as an encouragement to non-unionism. The TUC says that worker participation should be achieved by the extension of traditional collective bargaining into the boardroom to embrace many subjects such as takeovers, redundancies, manpower policies and the like as well as wages and employment conditions.

The Government could easily face, therefore, a fresh clash with the TUC not dissimilar although maybe not so bitter as the fight over the Industrial Relations Act. A similar worry has led the CBI to rethink its proposals for plant consultative councils because many employers accept that there is little point in proposing another reform aimed at improving industrial relations in the face of TUC opposition.

In this situation, Mr. Macmillan and his colleagues are looking for a form of words for their proposals to ensure that existing union arrangements play a major role in works councils while at the same time non-union arrangements where unions are not recognised are provided for.

Conglomerate

There is also recognition among some Ministers that full time union officials can play a significant part in improving relationships within a factory and that they should, therefore, not be excluded. The Government is likely to propose that the now fairly vague and generally acceptable consultation and communications provisions of the Industrial Relations Act's Code of Practice become mandatory. Ideas such as works councils and worker director—on which the Government could not hope to agree with both the CBI and TUC—could then be put into the Code as voluntary recommendations.

There will, however, be little real emphasis on worker directors either on the main Board or on a supervisory Board where the German style two-tier system operates. Indeed, some Ministers feel that well organised works councils operating at a high level in a company could perform all the consultative functions of a Board with worker directors. This raises the question of how the councils would work in a group of companies. The significance of these consultative arrangements would obviously increase enormously if, for example, worker representatives of the various holdings of a conglomerate came together at top level. The Government, however, seems to envisage nothing higher than a council covering one operational unit.

But while shying away from worker directors, Mr. Macmillan does want to find a way to give Boards of directors a compulsory responsibility for their employees as well as for their shareholders. This is specially relevant in redundancy and factory closure situations, such as lie behind most recent pressure for greater worker participation. At the same time, the Government is initiating moves on capital sharing, with workers taking shares in their companies. There is also a working party looking at broader aspects of job satisfaction.

Consultation

But the timing for the main participation moves remains vague—and could be further disrupted if Mr. Macmillan were to leave the Department of Employment soon. As far as can be judged, however, consultative proposals, carefully framed so as not to upset vested interests and not move industry faster than it is ready to go, are likely to appear fairly early next year. A long period for consultation followed by publication of revised Government proposals might well then be carefully timed so that there would not be any legislation before the next general election. The proposals could then form part of the Conservative election manifesto along with ideas for revising the Industrial Relations Act.

Timetable

This timetable fits in with the expectancy of some union leaders that worker participation and industrial democracy will be a major talking point next year—with the Labour Party and the TUC also may be drawing up their own joint ideas. Although somewhat disinterested till fairly recently, some union leaders now recognise that they cannot afford to brush aside the worker director and other schemes popular in Germany and elsewhere. But employers who hope that such moves will lead to the U.K.'s adopting the German co-determination system and outlook, ushering in a new era of peaceful industrial responsibility and co-operation, are doomed to disappointment.

The inevitable expansion of worker participation during the next few years is, nonetheless, bound to have an impact on the mood and conduct of industrial relations. What will emerge will inevitably be tailored by the Government, employers and unions to fit the U.K.'s own traditions and practices.

Mr. Macmillan and his colleagues, as well as others now considering these subjects in detail, are aware that they could be starting upon something that could have a dramatic and lasting impact on the U.K.'s labour problems. The lessons of the Industrial Relations Act, however, demonstrate how crucial it is that the Government which takes these steps does so in harmony with the country's union leaders.

Labour News

Dock stewards call for one-day strike

BY ROY ROGERS, LABOUR CORRESPONDENT

[A] CALL for a one-day national [str]ike by dockers next Monday [ha]s been made by the unofficial [N]ational Ports Shop Stewards' [C]ommittee in support of de[m]ands for 20 per cent. pay in[cr]eases. These are way in excess [of] Stage Three limits.

Recent events make it appear [d]oubtful that the strike call will [re]ceive much support outside of [M]erseyside and, possibly, parts [of] the Port of London. This [is] because Hull dockers, among [th]e most militant in the country, [ha]ve already settled within Stage [Th]ree and called off their own [ca]mpaign of weekly one-day [str]ikes.

Apart from a sparsely [att]ended meeting of men from [Lo]ndon's Royal group of docks [wh]o backed the 20 per cent. [cla]im last week, other groups [of] London dockers including [tho]se from Tilbury, West India, and Millwall docks have agreed to follow the line of their official union negotiators who to-day will lodge a claim for payment from January 1.

The official claim is expected to include upping the current £41.85 a week basic rate to about £46 a week, improving contingency payments and introducing a bonus incentive scheme. These demands are likely to frustrate the employers' hopes of negotiating a new pay structure to take the various dock skills into account.

The unofficial strike call represents an attempt by the national ports' shop stewards' committee to regain some of the influence it has lost over the last year since its abortive attempt to challenge Stage Two of the Governments wages policy. Since then several leading shop stewards have resigned.

Ban by ambulance crews backed by union

BY OUR LABOUR CORRESPONDENT

[OF]FICIAL BACKING for the [am]bulancemen's pay dispute, [wh]ich is affecting about a third [of] the country's ambulance ser[vic]es, has come from the main [uni]on involved, the National [Uni]on of Public Employees.

[N]UPE's backing extends only [to] the ban on all except emer[gen]cy duties and does not mean [offici]al NUPE support for the [wee]kly one-day unofficial total [sto]ppages planned by London [am]bulancemen's shop stewards. [The]se begin this week although [no] prior notice is to be given.

[A] statement from the NUPE [exe]cutive put the blame for the [disp]ute on the Government for [ma]king its pay policy to "pre[vent] satisfactory conclusion of [a w]age restructuring and effi[cien]cy agreement reached [betw]een the unions and local [auth]orities 14 months ago."

Meanwhile pay talks covering all local Government manual workers, including ambulancemen, resume this week, and a national delegate conference of ambulancemen is scheduled for later in the week.

● The national executive of the National and Local Government Officers Association has approved a programme of industrial action by its 70,000 London members in local government, universities, health, gas, electricity and water supply.

The proposed action, in support of a claim for £400 increases in the London weighting allowance, ranges from bans on extra duties to one-day strikes. NALGO members involved are being balloted on how far they will support the planned action, which is expected to begin early next month.

[T]own hall staffs press case

[B]Y ROY ROGERS, LABOUR CORRESPONDENT

[REP]RESENTATIVES OF some [...]00 local government white [colla]r workers will put forward [thei]r case this week for consider[atio]n under the Pay Board's [inqu]iry into pay relativities, on [whic]h it has to report to the [Gove]rnment by the end of the [...]

[Un]ions representing almost [...] workers have already made submissions on relativities, [mo]st of which were Post Office [unio]ns who made a joint [appro]ach to the Board with the [m]anagement last Friday.

[To]wn hall staffs, mainly [repre]sented by the National and [Local] Government Officers Asso[ciatio]n, will claim that their pay [diffe]rentials over local govern[ment] manual workers have been eroded under the Govern[ment']s pay policy. This, accord[ing t]o NALGO, has reached a [point] where supervisors often [ea]rn less than the men they [super]vise.

Last Friday's joint approach on behalf of 300,000 PO workers followed a month-long campaign of selective industrial action by four staff unions. It was suspended when Sir William Ryland, PO chairman, agreed on a joint move to seek special treatment under Stage Three for PO workers.

Their argument was based on the claim that PO workers have fallen behind civil servants — who recently won special treatment after the Pay Board declared their position an anomaly — and other workers. The result is that the PO is now so short of manpower, especially postmen, that Christmas mail may be delayed.

Other groups who have already been into the Pay Board on the question of pay relativities include local government manual workers, hospital ancillary workers, nurses and shop workers.

National Savings 'not a swindle'

BY DONALD MACLEAN

THE CHARGE that National Savings was a "swindle" was rejected by Mr. John Nott, Minister of State, Treasury, in an address to the National Savings Committee for Scotland on Saturday.

It was not National Savings, but inflation which was a swindle, he said. The British people, as well as he, evidently rejected the charge against NS. It was because of inflation that the country would "support the Government's determination to see through Stage Three of the prices and incomes policy."

The savings figures, Mr. Nott said, were "very impressive." In the second half of the 1960s the net increase in National Savings was about £160m., in the 1970s so far the net increase was about £2,000m.

Preliminary figures released by the NS Committee over the week-end, however, show a further reduction in investment in October, when there were net withdrawals of £22.3m., before the inclusion of £28.5m. of undistributed interest. In the same month last year, there was a surplus of £56.5m. without adding interest of £22.6m.

The October returns mean that in the first seven months of the financial year, the amount invested in the NS movement has risen by £197.4m. to £10,527.8m. (excluding savings stamps and gift tokens).

Credit squeeze

This compares with an increase of £494.6m. in the similar period last year. But if undistributed interest is left aside, the restriction in the net inflow of savings this year appears much more heavily marked, only £24.1m. having been realised, against £350m.

The competitive position of the NS movement, which was severely hit by the sharp rise in money market rates of interest in July, has been further weakened in recent weeks by the November squeeze on credit, and increase in the Ban kof England minimum lending rate from 11¼ per cent. to 13 per cent. (compared with 7½ per cent. in the earlier part of July).

Sir Robert Bellinger, president and chairman of the NS Committee, draws attention in his monthly commentary to the fact that the decimal issue of savings certificates has been on the market for three years, and in its fourth year wil carry interest at a rate of 8.695 per cent. net of tax, or 12.42 per cent. grossed for the 30 per cent. income-tax payer.

In addition, British savings bonds offer 9.24 per cent. grossed-up over the full life of five years, while the National Savings Bank is to pay 9 per cent. (instead of 8 per cent.) on investment accounts from January 1, and trustee banks may already apply to the authorities to pay this rate.

At the same time, the banks have been asked officially to pay not more than 9½ per cent. on deposits under £10,000. But building societies are offering 10.71 per cent. grossed-up to the standard rate taxpayer, and local authorities are around 12 per cent for one or two years to small depositors against mortgages, against 9-9½ per cent. in early July, and amounts of £1,000 may be invested in local authority bonds at even higher yields.

The relatively low yield on earlier issues of savings certificates is recognised by Sir Robert, who says it would be to the advantage of all those holding the first six and conversion issues of the security to reinvest in the current decimal issue or any other form of National Savings.

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Students plan major rent strike campaign

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MARGATE, Nov. 25.

RENT STRIKES at more than 40 universities and colleges were being brewed at the National Union of Students' Conference here to-night as part of a country-wide campaign for higher student grants.

The campaign, which will probably also include direct action such as the disruption of canteen services at many other educational institutions, is expected to begin soon after Christmas.

Admitting that rent strikes represented political action, Mr. John Randall, president of the 610,000-member union, said he hoped they would be staged in at least 44 institutions—the number participating at the peak of a similar campaign last year.

While some establishments might respond by taking legal action, he said he did not expect a welter of applications to the courts. The union, at present, had about £10,000 in its legal aid fund.

Mr Randall was talking to reporters just before the conference—which to-day fell nine hours behind schedule after less than two days in session—began debating a 3,000-word motion about student grants.

£655 target

The union executive is calling for a 35 per cent. increase to be paid from next autumn. This would raise the main rate of grant from £485 to £655. This claim, however, is only a small part of the executive's copious grants policy.

In its entirety, the policy calls for grant improvements for virtually all students over age 16. The result would be to add more than £320m. to the present £180m. spent yearly on student maintenance awards—an increase of 180 per cent.

Even without the £190m. which the union thinks should be provided in grants for 16- to 18-year-old students, the executive's policy would still involve a rise in expenditure of about 75 per cent.

The freeing of better-off parents from their present—largely moral—obligation to contribute to maintaining their student children, would alone cost £30m.

Crown Commissioners buy fewer freeholds

FINANCIAL TIMES REPORTER

THE CROWN Estate Commissioners are having increasing difficulty in finding opportunities for investment in further freehold acquisitions, according to their report for the year ended March 31, 1973, released to-day.

The report says the problem is the result of the present state of the land market, and because of it more of their capital investment is in the construction of buildings, both commercial and residential, on their own land.

As managers of one of the largest and most varied landed estates in the U.K., the commissioners say they are very conscious of their responsibilities for preserving and enhancing the amenities of the land under their charge.

Until fairly recently the emphasis had largely been on visual amenity, but in recent years the commissioners have become more concerned with the problem of noise, which they regard as one of the greatest nuisances of modern life.

The commissioners report that the surplus revenue paid over to the Exchequer for the year reached the highest figure yet, at £4.7m.

Copies of the report are on sale at branches of the Stationery Office from to-day.

Government policy questioned Page 39

Making a business of the Crown Agents

BY SANDY McLACHLAN

IN 1972 the Crown Agents sold (legally, needless to say) some three tons of narcotics on behalf of African and Asian governments whose customs officials had confiscated the drugs from smugglers. In the same year they were able to advise the Government of Cyprus on the restoration of a 1904 railway locomotive which is now on public display.

These are just two examples of the more colourful tasks undertaken by the highly diversified yet little known body officially entitled the Crown Agents for Overseas Governments and Administrations. But in the mainstream of their job they represent a powerful financial force. In various ways they control and administer sums of money in excess of £1,000m. acting on behalf of 66 independent sovereign states, 24 dependencies, and 200 public bodies in overseas countries. The way that they exercise this muscle has, over the last couple of years, given rise to criticism, and recently in the Commons Mr. Richard Wood, the Minister for Overseas Development, has faced a barrage of questions about their operations.

The Parliamentary activity is perhaps out of proportion with the issues at stake. Nevertheless, the Government is making certain concessions to the criticism in line with some of the recommendations of an unpublished report by a committee headed by Sir Matthew Stevenson. The *changes envisaged will bring the* operation of the Agents closer to that of more conventional businesses in the fields of taxation and presentation of accounts.


Mr. A. H. Challis, the Agents' former finance director who last month became joint deputy chairman of the First National Finance Corporation, of which he was already a director, in a move which created some controversy: and right, Mr. C. J. Hayes, chairman of the Crown Agents.

Concern

Three areas in particular seem to be giving cause for concern. In the *first place* there is no formal mechanism of accountability to the U.K. Government, although the Minister appoints Crown Agents, and employment by the Agents is run very much along Civil Service lines. In this context, it is important that the Agents have never figured as a Government Department and are entirely *self-supporting* financially. In formal terms, their only *accountability* is to their "principals"—the governments and public bodies whose money and problems they handle. The second problem area is that of the Agents' tax liability. The office is not a profit-making one as such and escapes U.K. tax liability except where it deals through incorporated subsidiaries, of which it currently has four.

This links with the third point, the question of participation investment as opposed to *portfolio investment*, where the actions of the office have aroused concern. Over the last few years the Crown Agents have been taking substantial, and sometimes controlling, stakes in commercial concerns either because they feel that these concerns would be useful in handling the problems of their principals, or simply because they feel that there is a good profit to be made on behalf *of the principals.*

This, allied to the fact that the very size of the funds under their control makes them a force in both the money market and the stock market, has prompted suggestions that their position should to some extent be regularised. After all, it is argued, an undefined aura of officialdom extends even down to their name, but they are conducting their business independently on purely commercial lines; they have both this and certain tax concessions without any apparent accountability to *Parliament*; and they are becoming increasingly entrepreneurial in their approach, which might seem inconsistent with the privileges which they enjoy.

Matters have been brought to a head by two factors. One is the unusual way in which the annual report of the Crown Agents is drawn up, which is quite different from normal accounting practice and which makes it difficult for commercial concerns and independent observers to identify exactly what is happening. For example, the report contains no breakdown of associate companies and major investments. The second *point is the Agents' involvement* in the property world where equity investment has tended to be backed up by substantial fixed interest finance. So far, this exercise has proved highly successful from the Agents' point of view but there is some—apparently illogical—concern about the fact that in making money for themselves *the Agents have contributed to* the making of personal fortunes on the part *of the people they* have backed.

Unfounded

The view has also been expressed that the use of public money—even though it is not U.K. public money—for such projects may be not entirely satisfactory and that the principals may not know just what their money is being used for. Both the Minister and the Agents themselves have categorically denied allegations that their funds have ever supported *anti-social activities such* as the finance of slum residential property, and indeed these allegations appear unfounded. But as long as the investment portfolio remains unpublished the Agents are bound to be open to this sort of criticism and even the use of Crown Agents' funds for speculative property development purposes has been called into question.

It is ironic that there is no real secret about the investments made by the Crown Agents: they just do not publish a full *list*. All their shareholdings can be easily identified *on* company share registers even down to ascertaining whether the shares are held directly on their own behalf or on behalf of their principals.

The Agents' direct investment business is handled through a wholly-owned subsidiary, Four Millbank Investments. At the end of 1972 this company had consolidated gross assets of £42m. and had something like 15 relatively major *investments on its books. Most* of these were in banking and commercial operations, where the profit motive is combined with a desire to build up such services to the advantages of the principals. Thus the Crown Agents, in partnership with Continental Illinois Bank of Chicago and *local* interests, have a stake in nascent merchant banking operations in Singapore and Malaysia, and in the Caribbean. *They have* a 25 per cent. stake in Wallace Brothers Holdings whose operating companies include Wallace Brothers Sassoon Bank and Wallace Brothers Trading and Industry, a Far Eastern merchant banking operation.

They also have a major stake in Westralian International—the Australian merchant bank which came into the news when it lost money on the collapse of *Mineral Securities, but* which is now proving its worth as a *fund raiser* for the three companies of the Australian Abbey Capital property group of companies in which Crown Agents have a stake ranging between 15 per cent. and 30 per cent. Other investments linked directly to Crown Agents' activities are the 25 per cent. stake in Stanley Gibbons and a 47 per cent. stake in a freight company called Trade Winds. The Agents work closely with *Stanley* Gibbons on philatelic sales of stamps on *behalf of principals*, and Trade Winds carries a proportion of the merchandise which the Agents buy on behalf of their principals to the tune of more than £100m. a year.

Profitable

The *more controversial* investments are those which are not directly related to the Crown Agents' business. These would include the 8 per cent. stake in First National Finance Corporation, the 27 per cent. stake in Sterling Industrial Securities, and the 51 per cent. stake in English and Continental Property which was sold to the Post Office Pension Fund at an estimated profit to the Crown Agents of between £15m. and £20m. On the two banking stakes, the Agents say they are impressed with the managements and they anyway have straight banking transactions with each. The FNFC investment has proved profitable and the SIS stake is expected to do the same since the bank is likely to go public before the end of the decade. The E and C deal was simply a highly profitable investment in property, the proceeds of which *(after tax* since Four Millbank Investments *pays* tax like any other limited company) will be used to strengthen the reserves which the Agents decided to build up a few years ago as a matter of policy.

It is primarily to satisfy criticisms of the tax situation that the forthcoming moves are aimed. Both the Government and the Agents have decided that much more of their activities should be organised *through wholly owned* incorporated subsidiaries along the lines already employed for direct investments, technical services and nominee holdings. The whole of the Agents' banking, investment dealing, and investment management operations are likely to be transferred to such *subsidiaries*. This will bring these activities into the taxable area and will *also* have the advantage of gett[ing] the accounts for these divisi[ons] produced along normal comm[er]cial lines and audited b[y] familiar auditing names.

Deficit

For the Agents themselv[es] the change should make lit[tle] difference since most of t[he] areas where they do make prof[it] are already covered, and in 19[72] there was an operating deficit [in] the tax privileged area [of] £329,000. And, to the ext[ent] that it *allows public informati[on]* in an easily assimilable for[m] without interfering in t[he] private relationship between t[he] Agents and their principals, [it] should help to take the heat o[ut] of the non-accountability deba[te] as well.

This is perhaps the trick[iest] area. The House of Commo[ns] has had to be content so [far] with the assertion by the Mini[s]ter that, in the final (unspe[ci]fied) event, the Agents [are] responsible to him. The actu[al] *mechanism of responsibility* [and] even its degree is left up in t[he] air, in spite of the Stevens[on] Committee's call for clarificati[on] of this. Inevitably, there a[re] good reasons for this. T[he] Agents are, after all, dealing [on] behalf of sovereign governme[nts] overseas, and it would be u[n]realistic to *demand* that t[he] U.K. Government should ha[ve] access to information [on] private contracts that it co[uld] not get from a normal comme[r]cial enterprise. That al[so] could upset the finely balan[ced] relationship between the Age[nts] and their principals.

All in all, it is hard to esc[ape] the conclusion that controve[rsy] over the Crown Agents is [a] storm in a tea-cup. It is *sensi[ble]* *that the tax situation should [be]* rationalised, but this is n[ot] likely to make much differe[nce] to either the Agents or to t[he] Inland Revenue. Once t[he] Agents are out of any potenti[ally] privileged tax position the[re] seems little to criticise conce[rn]ing an investment policy whi[ch] sets aside a small proportion [of] total funds for venture capi[tal] as opposed to portfolio inve[st]ment, and which simply mirro[rs] the trend *among many of t[he]* bigger pension funds and insu[r]*ance companies.*

The apparent anomaly of [a] group with official status b[ut] without defined official accou[nt]ability remains. However, t[he] Agents' principals appear hap[py] with their commercial resul[ts] and it seems highly unlik[ely] that a group with such a stro[ng] Civil Service influence wou[ld] come even near to treading [on] *dangerous political ground.*

FT GROCERY PRICES INDEX

Slower rate of increase —only 1.7% up this month

BY ELINOR GOODMAN

THE RATE of increase in the Financial Times Grocery Prices Index slowed down in November, to show a rise of 1.7 per cent. on October.

This compares with last month's increase of 3.2 per cent. —almost exactly in line with the jump in the Government's food price index for October—and means that the FT Index has risen by over 18 per cent. in the 12 months since the beginning of the Government's price "freeze" last November.

The index now stands 2.34 points above its October level, at 135.83. Last year, the introduction of the freeze in early November kept the equivalent increase down to 1.34 points.

Controlled

The biggest increase in November was seen in a category where wholesale prices are directly controlled by the Price Commission, and not on fresh foods as in October. The 1p increase on bread, which came into effect last Monday, contributed to a 6 per cent. rise in the bread and flour category, even though some retailers had absorbed the rise.

Higher world wheat prices were also reflected in 1p increases—or in some shops 2p—on flour, another 1p on breakfast cereals and on most leading brands of biscuits.

The preserve section also showed a relatively big increase, with another 2p on honey and marmalade, while the bill for canned foods went up a further 47p, largely as a result of higher prices for imported fruit and vegetables.

Although the meat bill rose by another £1.54 in November, it was less than half last month's rise. Bacon was up another 2p a pound, while lamb and pork were costing at least 1p more a pound in most shops. Beef and chicken prices were generally more stable.

The rise in the vegetable bill of £1.60 was also well below last month's increase. Falls in the prices of carrots, onions and tomatoes have gone some way to balance more expensive oranges and out-of-season foods like lettuces.

The most cheering news this month is the small increase in the dairy category, which as a result of soaring egg prices, was one of the biggest contributors to last month's very steep rise in the index. There is evidence that consumer resistance to increases *passed by the Price Commission* is leading to price cuts shortly after the increases have been implemented by retailers.

Coffee down

Eggs were costing about the same as last month in most shops — about 42p a dozen for standard eggs and 44p for large ones—while butter was also selling at about the same price as in October.

Instant coffee, which has gone up in price several times in the last six months, was this month selling at an average of 2p less than in October, reflecting the difficulty some retailers have had in selling coffee at its recent high level.

TOTAL FOR 11 SHOPPERS

NEW INDEX	November £ p	October £ p
DAIRY PRODUCE, FATS, EGGS, ETC.	75.47	75.36
SUGAR, TEA, COFFEE AND SOFT DRINKS	29.43	29.52
BREAD, FLOUR, CEREALS, BISCUITS AND CAKES	44.41	41.89
PRESERVES AND DRY GROCERIES	14.62	14.12
SAUCES AND PICKLES	6.96	6.82
CANNED FOODS	25.73	25.26
FROZEN FOODS	22.61	22.55
MEAT, BACON, ETC. (FRESH)	107.82	106.28
FRUIT AND VEGETABLES	45.03	43.43
NON-FOODS	29.38	29.35
	401.46	394.58

OLD INDEX

1964: Nov. 100; Dec. 102.35.

1965: Jan. 101.41; Feb. 102.23; Mar. 102.58; April 103.16; May 103.70; June 105.28; July 105.88; Aug. 105.31; Sept. 103.66; Oct. 103.13; Nov. 103.95; Dec. 105.93.

1966: Jan. 105.80; Feb. 104.66; Mar. 105.39; April 106.78; May 108.21; June 109.90; July 109.34; Aug. 108.47; Sept. 107.74; Oct. 108.81; Nov. 107.47; Dec. 108.16.

1967: Jan. 108.85; Feb. 108.20; Mar. 107.66; April 108.20; May 109.75; June 113.96; July 110.45; Aug. 107.25; Sept. 106.18; Oct. 106.66; Nov. 107.58; Dec. 111.67.

1968: Jan. 112.91; Feb. 112.12; Mar. 111.75; April 112.10; May 112.68; June 114.75; July 112.20; Aug. 112.09; Sept. 111.12; Oct. 111.47; Nov. 112.06; Dec. 114.49.

1969: Jan. 114.80; Feb. 116.70; Mar. 117.67; April 118.31; May 120.57; June 122.92; July 121.59; Aug. 118.79; Sept. 117.48; Oct. 118.14; Nov. 118.83; Dec. 121.23.

1970: Jan. 122.04; Feb. 123.05; Mar. 123.70; April 125.82; May 126.32; June 129.76; July 129.42; Aug. 127.02; Sept. 127.03; Oct. 126.67; Nov. 127.68; Dec. 128.05.

1971: Jan. 131.23.

NEW INDEX

1971: Feb. 100; Mar. 101.09; April 102.73; May 105.75; June 108.00; July 107.24; Aug. 105.40; Sept. 105.26; Oct. 104.35; Nov. 105.48; Dec. 108.26.

1972: Jan. 109.18; Feb. 109.10; Mar. 109.24; April 108.04; May 109.36; June 115.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 113.15; Nov. 11: 114.48; Nov. 18: 114.49; Nov. 25: 114.72; Dec. 2: 114.72; Dec. 9: 114.75; Dec. 16: 115.77.

1973: Jan. 117.56; Feb. 119.25; Mar. 120.53; April 123.80; May 125.27; June 128.81; July 127.64; Aug. 126.59; Sept. 129.39; Oct. 133.51; Nov. 135.83.

List of components of our Shopping Basket free on request from Room 101, Financial Times.

APPOINTMENTS

Re-grouping at Permali

PERMALI is being reorganised to hold the shares of its various operating subsidiaries. Major *assets of the three manufacturing* divisions in the U.K. group are to be transferred to a newly-registered company called Permali Gloucester, which is expected to commence trading on April 1.

Mr. A. S. Moseley, managing director of the holding company, will become chairman of the new concern and Mr. J. E. Swainson will be its managing director.

Other appointments to the Board of Permali Gloucester include Mr. E. K. L. Pollard, Mr. D. R. P. Booth, Mr. G. R Mitchell and Mr. D. M. Fenner. Mr. David Metcalf is to be secretary, and chief accountant.

Mr. B. J. Drinkwater has been appointed managing director of Transmission Developments which will be an independent unit within the group. Mr. John Davies has been elected to the Board of British Plastics Developments as *director and general manager.*

★

Mr. J. N. Creswell, Mr. L. R. Dew, Mr. P. J. F. Green and Mr P. T. Wright have been elected to the COMMITTEE OF LLOYD'S from January 1. They will replace Mr. L. C. J. Davies, Mr. A. W. Higgins, Mr. H. H. T. Hudson and Sir Henry Mance, who retire by rotation at the end of this year.

★

Mr. W. Foster, formerly commercial director of Status Discount, has been appointed managing director of SYSTEM D, a subsidiary of British Building Trust.

★

Mr. R. A. M. Baillie has been appointed to the Boards of WALLACE BROTHERS SASSOON BANK and its subsidiaries, Wallace Brothers Finance, Wallace Brothers Nominees and Far Eastern Nominees (England).

★

Mr. Edgar Wilson has been appointed vice-president and manager of the London branch of the CITY NATIONAL BANK OF DETROIT.

★

Mr. Bernard Gould has joined the Board of CONTROL SECURITIES following the acquisition by that company of a minority interest in the Harrowby Street Group.

★

Minet Holdings has made the following changes in the Board of J. H. MINET RANSOME BENTLEY AND CO. from January 1.

Mr. J. Wallrock will become *chairman and* Mr. S. R. Arnold, deputy chairman. Mr. P. Morgan, continues as managing director

New directors will be Mr. J. R. Rose, Miss L. T. P. Roberts, Mr. S. J. Dear, Mr. G. Powell and Mr. M. R. Lawrance.

Mr. R. E De T Vintras, the retiring chairman, will become a consultant. Mr. H. J. Parratt also retires from the Board.

★

Mr. Philip Norton has been elected president of the ASSOCIATION OF ENGINEERING DISTRIBUTORS.

★

Mr. W. R. Hoskinson has been appointed to the Board of BOWATER CONTAINERS.

★

Mr. Peter J. Bentley has been appointed marketing director of ALLIED INTERNATIONAL BREWERIES.

★

Mr. David A. C. Clark, exploration manager and Mr. Kenneth L. Keep, chief accountant, have both been appointed directors of TRANSOCEAN OIL (U.K.).

★

Mr. Carl Farner and Mr. Basil Bicknell have been appointed directors of VISION VISAO.

★

Mr. Leslie Brown has resigned from the Court of IONIAN BANK to concentrate on his property *development interests which have* recently been consolidated in the newly formed Hanover St. George Securities.

★

Mr. J. F. Hill and Mr. Y. Maeda have been appointed chief representative and representative, respectively, of the new London Representative Office of the BANK OF YOKOHAMA.

★

Mr. A. D. O'Neill has been appointed sales and marketing director of BULLENS TRANSPORT SERVICES, a member of the Giltspur group.

★

Mr. S. Davis, deputy managing director of BACKER ELECTRIC *COMPANY, retires this month but* will remain a non-executive director.

★

Dr. E. R. Wallsgrove, who resigned from the Board of E. E. JEAVONS AND CO. in 1972 because of pressure of other business commitments at the time, has rejoined the Board.

COMPANY NEWS + COMMENT

Joseph Lucas drive for overseas growth

MAJOR GROWTH *for Joseph* **Lucas (Industries)** is to be found outside the U.K. and the group is therefore promoting more strongly than ever *its expansion* in Europe, North and South America, as well as probing into Eastern Europe, China and the Far East, chairman *Sir Kenneth* Corley says in his annual statement.

Turnover of subsidiaries in Europe, together with the share of associates, amounted to £55m. during the year to July 31, 1973, an increase of £14m. These businesses are supported by, and complementary to, direct exports from U.K. factories to Europe amounting to £32m.

Elsewhere, sales of subsidiaries with the share of associates *amounted* to *£70m.*, compared with £51m. Exports from U.K. factories amounted to £29m.

Sir Kenneth points out the group's growth in continental *Europe has been "very consistent"* in recent years and is expected to show a still higher rate this year. This will be helped by recent acquisitions.

The other overseas companies are well placed to take advantage of new opportunities and the recent strong growth in these companies is expected to *continue.*

"Lucas is a global operating company and is becoming increasingly less dependent on U.K. business," he says. "Over half our sales and half our profits originate from outside the U.K."

The "ever-increasing" demands being placed on British industry are raising difficulties in achieving an adequate level of output. By *far the most important problem is* the serious loss and interruption of production which is constantly occurring due to industrial disputes.

"There is thus a very urgent need for managements' and employees' representatives constantly *to seek a vital improvement in* industrial understanding," Sir Kenneth stresses.

As reported on November 13, pre-tax profit rose from £21.5m. to £36.68m. for 1972-73 and the dividend is lifted from 4.67p to 4.9p.

Meeting, Birmingham, December 17 at noon.

See Lex

INDEX TO COMPANY HIGHLIGHTS

M. Y. Dart growth potential

THE EXISTING activities of M. Y. Dart contain potential for considerable further growth, chairman Mr. S. Marks says in his annual statement. He is confident *that in spite of present difficulties* over supplies of materials, further progress will be made in the current year.

Pre-tax profit for the year ended June 30, 1973—as reported on November 1—rose over 50 per cent. to £775,289 and the dividend is lifted from 1.733p to 1.82p.

The directors are continually considering propositions for investment in allied businesses. If these should materialise, they will further the expansion of future profitability Mr. Marks points out.

"In spite of all the difficulties of the present time, I look forward with much confidence to being able to make a further *satisfactory report next year,"* he tells members.

Analysis of taxable profit shows (£000 omitted): *sporting goods* £570 (£333), packaging £143 (£162), pyrotechnics £1 loss (£20 profit), associated companies £83 (nil). Figures for the packaging division are not directly comparable, as the business of Rondopack Plastics was merged with Trend Moulding and Packaging to form an associated company Trondex with effect from July 1, 1972.

Performance in the pyrotechnics division was again marred by non-delivery of essential specialised components, the chairman comments. Claims under the *terms of Government* contracts have been lodged and are currently under negotiation.

At Chedburgh, the group has purchased additional land adjacent *to land already owned*, and it is hoped that redevelopment of part—surplus to production requirements—will be permitted.

Meeting, Barnet, December 17 at 2.30 p.m.

Grimshawe Holdings confident

Profits of Grimshawe Holdings in the current year should show *a "satisfactory comparison"* with figures for the 16-month period to April 30, 1973, according to chairman, Mr. Peter Grimshawe.

Mr. Grimshawe made this fore*cast at the annual meeting*, adding that such a result was "subject only to the current severe economic restrictions having no forse effect than manage*ment is able to predict at the* present time."

Internal accounts indicated that the banking division's operating profits for the first half were ahead of internal budgets and the directors remained confident of the year's outcome.

A development in the financial field was that Guinness Mahon had subscribed for a 30 per cent. *stake in a recently-formed instal*ment finance subsidiary, First Northern Securities, and was to provide a substantial revolving credit facility.

In addition, the group's first U.K. authorised unit trust, the Grimshawe Growth Fund, was to be launched soon.

Big capital outlay by Higsons

THE CURRENT year at **Higsons Brewery** will almost certainly be one of expensive reorganisation, says chairman Mr. A. L. Corlett. *As a result, he doubts whether* profits will increase, particularly with margins frozen.

For the year ended September 30, 1973, pre-tax profit was £1.09m. (£0.89m.), *as reported on* October 30. The gross dividend is lifted to 18.3714 (17.5) per cent.

Mr. Corlett also warns that a price rise early in 1974 is almost inevitable when the present malt contracts expire and the full impact of the increased cost of the company's main raw material is felt.

Continuing the policy of concentrating expansion on Merseyside, the directors are currently taking a number of steps: first, the proposed merger with Mellor; second, the acquisition of two pubs in the area from other brewers; and third, the sale of properties in the Potteries and Leek.

The accounts show that commitments for capital expenditure authorised by the Board but not contracted stood at £2,055,000 (£300,000).

Substantial individual interests *in the company* are held by Bass Charrington 629,630 shares, J. Cottam 682,467 shares, and the Westminster (Liverpool) Trust 700,000 shares.

Meeting, Liverpool, December 18 at noon.

● comment

Over the past four financial years, Higsons Brewery has clocked up compound growth at pre-tax level of just under 20 per cent. But from the tone of the latest report —and the fact that growth slowed from 36 per cent. in the first half of 1972-73 to 14 per cent. in the second—it would seem that the run is about to come to an end. Certainly the market has recognised the signs and the shares have fallen from 124p at the time of the preliminary announcement to 116p where the p/e is well below the sector norm at 10.7 per cent. However, even though a period of reorganisation lies ahead, the group is clearly not standing still and the current rating may well prove to be over-conservative.

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times:—

BG Securities (Section: Trusts-Finance Land); **EG and G Inc.** (Section: Overseas-New York); **International Oil Exploration NL** (Section: Oils); **Timor Oil** (Section: Oils).

£150,000 from F.C. Construction

F. C. Construction (Holdings) reports a rise in half year taxable profits from £115,000 to £150,000. But the directors expect the second half to show "much less" than this. The 1972 pre-tax figure was £257,438.

The interim dividend is raised from 4.5 per cent. to 4.714 per cent., declared as 3.3 per cent. net. Last year's total was 13.64284 per cent. gross.

	Half-year 1973	1972
Turnover	2,758,378	1,457,901
Pre-tax profit	150,000	115,000
Tax	63,500	49,000
Net profit	86,500	67,000
Dividends	21,780	20,700

Progress at Orbit

The change in converting **Orbit Holdings** from a small investment trust into an investment and finance company during the past two years has brought about a considerable increase in earnings per share, says the chairman, Mr. J. C. Ross.

And he is confident that this trend will continue in the years ahead.

As reported on October 16 group pre-tax profit for the year to June 30, 1973 was £159,257 (£71,098) and the dividend is 1.8375p (1.75p) per share.

Since the year end the company has formed a subsidiary, Orbit Trust, to provide a comprehensive banking service to assist commercial organisations and private individuals within the range of £5,000 to £100,000.

Meeting, Grimsby, December 17, at 12.15 p.m.

Chairman's statement, Page 39

John Peters confident

Approval has been given for the change of name of **John Peters (Furnishing Stores)** to **Waring and Gillow (Holdings)**. A certificate *for the change has been received* from the Registrar of Companies.

The directors state they view the future of both the furnishing and clothing divisions with confidence. Although present and future action by Government may be aimed at the constriction of retail sales, they are confident that the trading policy of both divisions will enable them to maintain a steady rate of internal growth.

Further, both divisions are looking to the future for expansion by the increase of selling or manufacturing space in this country and in Europe.

Terry Kirk

Mr. Leslie Porter, now chairman of Tesco Stores (Holdings), which is due to announce interim results on Wednesday.

BIDS AND DEALS

Charterhouse backs Catnic Components

Charterhouse Development, a Charterhouse Group company, as part of a £615,000 cash deal, has acquired a 16 per cent. stake in Caerphilly based, **Catnic Components**, which claims to have approximately 30 per cent. of the U.K. lintel market—this product is fast gaining ground on the traditional concrete lintel.

The company has now over 650 authorised stockists throughout the U.K. and has recently signed an agreement with Alcan, Booth Systems to market the Weatherboard cladding. Last Friday it signed an agreement with the German company, Stahl-Schanz GmbH to manufacture and market in the U.K. the patented steel door frame system. A new factory in Ebbw Vale is planned for this production. Stahl-Schanz in turn will be manufacturing and marketing the Catnic lintel throughout Germany.

Catnic made pre-tax profits of £390,000 in 1972 and is forecasting substantially increased profits for 1973. It plans to "go public" in 1974-75.

MANAGEMENT TRAINING

The British Institute of Management has sold its 50 per cent. shareholding in **Management Training** to its partner, **Guild Sound and Vision Holdings** (a member of Charterhouse Industries).

A joint statement from the two partners explains that it has been agreed that Management Training should now develop other training markets and produce packages on subjects that may lie right outside the interests of the British Institute of management.

Both partners believe that such expansion would best be achieved by re-constituting the company under one owner.

M. BURTON PROPERTY

An extra-ordinary meeting of **Montague Burton Property Investments** is to be held on December 11 to seek approval of the acquisi*tion* by the company of 17 development properties, together with 21 properties from the Burton Group.

This is disclosed in a letter to *shareholders outlining details of* the deals, which were first reported on September 28.

SIMON ENGRG.

Simon Engineering proposes to sell the **Dudley Foundry** to Mr. G. L. Jones, a director of Dudley (though not of Simon Eng.) Dudley is currently indebted to Simon to the extent of £329,000 of which £47,000 is Unsecured Loan Stock redeemable as to £35,000 not later than December 31 and £12,000 *not later than 1975.*

Consideration in satisfaction of the balance of debt amounting to £282,000, and for the sale of the capital will be £180,000 of which approximately *two-thirds* is payable in cash on completion and balance as the loan stock matures. Full provision for resulting loss was made in the accounts of *Simon Engineering for 1972.*

WILLIAMS HUDSON

Millionaire Mr. David Rowland's **Argo Caribbean** is now interested in 5,014,850 (44.1 per cent. Ordinary shares of **Williams Hudson**.

Further expansion for Jessel

A GROUP of fine companies likely to produce sustained and orderly growth over a long period of years "without unreasonable management strain at the centre" has been assembled by **Jessel Securities**, says the chairman, Mr. O. R. Jessel.

He confidently predicts further progress in the current year.

Political parties are committed to a mixed economy and wish to see industry prospering, he points out.

"And with access to investment funds from friends in the City Jessel Securities can and will continue to build up a wide range of quoted and unquoted companies ploughing back a considerable part of the profits into training the young and improving plant and equipment." The company has total assets under management of £540m.

Mr. Jessel says the temporary restraint on dividend increases is "an excellent policy" for the company and industry.

After increasing the gross total dividend from 5p to 5.25p in the year to June 30, 1973, the company is still able to retain £2,857,000 (£1,286,000). This excludes further large sums retained in the life companies and after bearing the cost of improved pensions. As reported on October 17 group pre-tax profit was £8.73m. (£6.25m.) Details of a £6m. Convertible Preference issue were also announced.

The group is now actively invested in a wide range of commodities and products—special steels, wire, rum, sugar, tea, blue asbestos and many more.

"I believe that all these items and many others are rapidly becoming scarce and that anyone prepared to concentrate upon financing their efficient production must benefit," the chairman adds. Already there is "strong demand in some cases aproaching famine proportions for almost every one of the group's products."

It is proposed early next year to announce a scheme for rationalising the group's property interests.

Plans for simplifying the capital structure by the removal of Management shares is taking longer than anticipated, but members will be informed as soon as a scheme has been agreed.

Meeting, Abercorn Rooms, EC2, on December 18, at 12.30 p.m.

Chairman's Statement Page 33

See Lex

Tan Sad loss £129,100

An increased net trading loss of £129,099, against £29,284, is reported by **Tan Sad Holdings** for the year to July 31, 1973, but the directors point out that it was substantially incurred in the first six months.

In the second six months it was greatly reduced as production and sales began to form a planned economic flow, they add.

During the first three months of the current financial year, while production and sales have increased significantly and operating margins have improved, "they are not yet running at a satisfactory level."

The merger with Luxi Products and the recent acquisition of the pram canopy division of Clark, Son and *Morland* places the company in an improved position to expand and diversify into the nursery, toy and childrens' leisure markets, the directors say.

	1972-73 £	1971-72 £
Turnover	1,165,364	[illegible]
Net trading loss	129,099	[illegible]
Re-organisatn. charges	10,122	[illegible]
Net loss	140,221	[illegible]
Preference dividend	7,673	[illegible]

"Excellent" prospects for "Lags"

In his statement as chairman of The London, Australian and General Exploration Company, which has interests in property investments, finance, trading, manufacturing and the music industry, principally in South Africa, Mr. Jessel sees "excellent prospects for growth."

Since the January 1972 rights issue the company has undergone rapid expansion involving the purchase of two major groups Land Investment and Development Corporation and Wit Industrials. The chairman points out that both groups are "well placed" to participate in the increasing prosperity of countries in which they are active, principally South Africa.

During the year seven companies, engaged in producing cold rolled steel, cold formed metal sections, coated finished steel and aluminium coils, manufacturing rail trucks, conveyor systems and equipment for the steel industry, were acquired from Jessel Securities.

They are all active in growth industries. Their total tangible assets amount to approximately £1.3m.

These companies, which provide further U.K. earnings, thus enabling it to obtain additional corporation tax relief, have already shown marked profit improvement. The relief will be against corporation tax arising on payment of its dividends.

As reported on September group pre-tax profit for the year to June 30, 1973 was £[illegible] (£0.43m.) and the dividend [illegible] per cent. gross.

Meeting, Abercorn Rooms, December 18, at noon.

ISSUE NEWS

STAFFS. POTTERIES

Holders of Staffordshire Potteries (Holdings) 9½ per cent. Convertible Unsecured Loan Stock 1990-95 are reminded of their right, exercisable December next, to convert all or part of their stock into Ordinary shares. The rate of conversion for the first year when the option is exercisable will be £1.375 nominal stock into one Ordinary share. Notice of conversion must be desposited at the Registrars between December 1 and December 21.

MIDLOTHIAN COUNCIL

The County of Midlothian is to-day issuing £2m. of Midlothian County Council Bills at an average rate of 12.52836 per cent. Applications for the bills, which mature on February 25, 1974, amounted to £10m. They are the only Midlothian County Council bills outstanding.

Pending dividends timetable

For the convenience of readers, the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." *Preliminary profit figures usually accompany final dividend announcements.*

	Date	Announcement last year		Date	Announcement last year
irfix Inds.	Nov. 29	Int. 6½%	*Manganese Bronze	Nov. 27	Final 2%
llen (Edgar)	Nov. 23	Int. 6½%	Marchwiel	Nov. 30	Int. 5½%
nglo-American Group	Dec.	Dividends due	Marley	Dec. 6	Final 10.2%
nglo-Transvaal	Dec.	Dividends due	*Mercantile Credit	Dec. 5	Final 10%
ssoc Television	Dec. 14	Int. 11.7%	*Mitchell Cotts	Dec. 6	Final 11½%
ustralian and NZ Banking	Nov. 27	Final 5%	Peeler Hattersley	Dec. 13	Int. 10%
von Rubber	Nov. 28	Final 7½%	Philblack	Dec. 1	Int. 24
assett (Geo.)	Nov. 27	Int. 2.4%	Philips' Lamp	Nov. 15	Int. 6%
erisford (S. and W.)	Dec. 14	Final 3½%	*Pilkington Bros.	Dec. 6	Int. 5%
rown (M.)	Nov. 27	Final 9.6%	Ranks Hovis	Dec. 12	Final 9½% §
ameron (J. W.)	Dec. 4	Final 16½% §	*Ransome Hoffmann	Dec. 11	Final 6½%
irlton Inds.	Dec. 12	Int. 7½%	Rediffusion	Nov. 24	Int. 5%
ben (G.) 600	Nov. 30	Int. 7%	*Ropner	Nov. 26	Int. 2½%
arner House Group	Dec.	Dividends due	Rothschild Inv.	Nov. 19	Int. 4%
istillers	Dec. 14	Int. 5½%	*Rugby PC	Dec. 9	Int. 7% §
oncaster (Daniel)	Dec. 11	Int. 6%	*Scapa Group	Dec. 7	Int. 5%
n. Electric	Dec. 13	Int. 4.9%	*Sedgwick Forbes	Nov. 29	Int. 18%
eneral Mining Group	Dec.	Dividends due	*Serck	Dec. 10	Final 4
old Fields Group	Dec.	Dividends due	*Sketchley	Nov. 29	Int. 4½%
. Universal Stores	Dec. 7	Int. 14½%	*Spreckley (C.)	Nov. 26	Int. 12%
inness Peat	Nov. 22	Int. 4½%	Standard and Chartered	Dec. 3	Int. 8%
inness (A.)	Dec. 13	Final 21%	Staveley	Dec. 13	Final 2.1%
ambros	Nov. 29	Int. 7½%	*Tesco	Nov. 26	Int. 14%
anson Trust	Dec. 17	Final 15%	Trafalgar Hse.	Dec. 13	Final 10% §
arreaves	Nov. 29	Int. 5½%	*Tunnel Cem.	Nov. 29	Int. 6%
veringham Gravels	Dec. 10	Int. 1%	*Turner and Newall	Dec. 6	Final 7%
dson's Bay	Nov. 10	Final 26 cents	Unigate	Dec. 5	Int. 3½%
Gas	Dec. 9	Int. 6%	Union Corpn. Group	Dec.	Dividends due
nal Services	Dec. 9	Int. 3%	*United Gas Inds.	Dec. 11	Int. 5%
hannesburg Cons.	Dec.	Dividends due	*United Wire	Nov. 22	Final 12%
anson Matthey	Nov. 28	Int. 3.8%	Vaux Brews.	Dec. 15	Int. 12%
Shoes	Dec. 7	Final 9% §	Westland Aircraft	Dec. 7	Final 12%
ons (J.)	Nov. 29	Int. 3.8%	Whessoe	Dec. 12	Final 25%
anagement Agency	Dec. 7	Final 60%			

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local Authority Investments

LOCAL AUTHORITY loan rates rose further last week, in company with other rates in the London money market, in dealings which were again highly unsettled. There was a shortage of day-to-day credit on the market as a whole on most days, but rates fluctuated erratically. Loans to local authorities at 7-days' notice closed at 13¾-13⅞ per cent., against ...-13⅞ per cent. the previous Friday, while month money rose to 13⅝-14 per cent., from 13½-13⅞ per cent., three-month to 14⅝-15 per cent., from 14½-15 per cent., one-year to 15⅛-15⅜ per cent., from 14¾ per cent., and two-year to ... per cent., from 13⅞-14⅛ per cent.

A factor making for some uncertainty on Friday was a sharp fall in sterling against the U.S. dollar. At the Treasury bill tender, the average rate of discount rose 0.0651 per cent. to 12.4777 per cent., and the minimum-accepted was reduced 1½p to £96.88½, a level equivalent to an annual discount rate of 12.4942 per cent. (up 0.0602 per cent.).

The Financial Times Government Securities Index fell 0.54 point on balance to a record "low" of 61.63.

One-year local authority bonds were placed during the week at par, with a coupon of 15 per cent., to offer a yield 2⅛ per cent. higher than that on the previous week's batch.

*Rate (%) November 23, 1973

days' notice (deposit receipt)	13¾—13⅞
days' notice (deposit receipt)	13¾—13⅞
days' notice after one month (deposit receipt)	13¾—14
days' notice after three months (deposit receipt)	14¾—15
days' notice after six months (deposit receipt)	15
rtgage at one month's mutual notice after 11 months	15¼—15⅜
rtgage at one month's lender notice after 11 months (nominal term 2-5 years)	13—14½‡†
years' mortgage	14½
years' mortgage	14†
years' mortgage	13¾†
years' mortgage	13¾†
0 years' mortgage	13½†
0 years' mortgage	13½

* Rates are for sums not less than £20,000 and are subject to local ...iations and fluctuations. † Nominal. ‡ Shorter period may attract higher rates than longer.

Public Works Loan Board rates

(Effective from November 17, 1973)

Years	Quota loans Repaid By instalments	Quota loans Repaid At maturity	Non-quota loans Repaid By instalments	Non-quota loans Repaid At maturity
to 5	13¼	13	13½	13
r 5, up to 10	12¾	12½	12¾	12½
r 10, up to 15	12½	12	12¾	12
r 15, up to 25	12	12	12¼	12½
r 25	12	12	12	12½

Gulf tanker rates show further deterioration

BY JAMES McDONALD, SHIPPING CORRESPONDENT

SHORTAGES of bunkers and of ...es led last week to a ...er deterioration in oil ...r charter rates from the ...an Gulf, particularly for ...rtankers (VLCC's). Mullion ... Co.'s weekly tanker index ... on Friday at Worldscale ... compared with Worldscale ... a week earlier and with ...dscale 270 two weeks ago. ...erall, however, according to ... J. Jacobs and Co., another ...ng tanker broker, the ...rn of the market has not ...ged, "although there has ... an increase in the degree of owners' and oil companies' problems both over oil supplies in the Persian Gulf and the worldwide supply of bunkers."

Lambert Brothers Shipbroking reports at the end of last week the following nominal rates: Persian Gulf to U.K. or Continent *W.70 for 60,000-70,000 ton tankers;* Mediterranean to U.K. or Continent—W.280 for 25,000-tonners, Nigeria to U.K. or Continent—W.135 for 50,000-tonners; Caribbeans to U.K. or Continent—W.220 for 18,000-tonners and Caribbeans to USAC —W.295 for 20,000-tonners.

Continued solid progress for Dunford & Elliott

TAKING ONE year with another, Mr. F. Welsh, chairman of Dunford and Elliott, can see no reason why the solid progress made in the past should not be continued.

With the likely acquisition of Brown Bayley Steels, *profitability* of the current year is difficult to forecast. Present demand for alloy steel products is high and better prices have been obtained. "*This makes the capacity of* Brown Bayley, which doubles the tonnage available, especially welcome."

On the other hand, the directors are determined that the capital expansion programme must go ahead with maximum despatch. Some benefits from this, especially the up-grading of "W" furnace and the new bar mill, will accrue in the current year, but full impact of the improvements will occur cumulatively over the next few years.

Last year over £2m. capital expenditure was sanctioned, and in the next five years another £10m. is contemplated.

In the engineering group, problems remain to be solved, says the chairman.

In a reference to Government control of prices and incomes, Mr. Welsh says profit is much less *affected* than pay and dividends because 19 per cent. of turnover is exported and 43 per cent. is on terms governed by the Treaty of Paris.

Under the Treaty, the company is permitted to raise prices to match those prevailing in the EEC. Even after the October review, "our prices are well under *those available elsewhere* in the world."

The formal document of the agreed bid for BBS shows that the first closing date is *December 17—the alternative* and partial cash offers will not be extended.

Book value of the assets per share in the enlarged group will be some 145p at the outset, compared with 108p before the acquisition. Arrangements have been agreed in principle to finance the development programme by medium-term loans without diluting shareholders' equity.

In the year ended July 31, 1973, the Dunford and Elliott group made a profit of £2.18m. (£1.33m.), and is paying a dividend of 15.703 (15) per cent., as reported on October 31.

It is proposed to adopt a new *year-end for the enlarged group,* and the next accounts will run to September 28, 1974. This will cover 14 months for the present D and E U.K. companies and 21 *months for BBS and its U.K. side;* overseas companies will close their accounts at the end of August.

Meeting, Savoy Hotel, W.C., *January 23, at noon.*

See Lex

PERMALI GROUP RE-STRUCTURE

Permali intends to reorganise the company to hold the shares of its various operating subsidiaries.

The major assets of the three manufacturing divisions in the U.K. are being transferred to a newly registered company, styled Permali Gloucester, which is expected to commence trading next *April.*

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. *Official indications are not available* whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TO-DAY

Interims—W. Henshall and Sons (Addlestone), Marshalls (Halifax), Pyramid Group, William Reed, Ropner Holdings.

Finals—Allied Manufacturing and Trading Industries, D. M. Lancaster, Sheaf Steam Shipping, *Westminster Property.

FUTURE DATES

Interims—	
Airfix Industries	Nov. 29
Alpine Soft Drinks	Dec. 3
Attwood Garages	Nov. 30
Boosey and Hawkes	Dec. 6
Carelo Engineering	Nov. 29
Crellon Holdings	Nov. 27
Duncan (Walter) and Goodricke	Dec. 14
General Stockholders Inv. Trust	Nov. 29
Hinton (Amos)	Dec. 3
Kalon Group	Nov. 28
Pauls and Whites	Dec. 6
Sedgwick Forbes	Nov. 29
Finals—	
Caplan Profile	Nov. 30
Hanson Trust	Dec. 17
Jenks (A. E.) and Cattell	Nov. 29
Leeds and District Dyers	Nov. 28
London and Associated Inv. Trust	Dec. 28
Manganese Bronze	Nov. 27
Martin the Newsagent	Dec. 17
Mercantile Credit	Dec. 5
Spreckley (Charles)	Nov. 26

* Amended.

J. Hepworth subdivision and share options

J. Hepworth and Son has called extraordinary meetings for December 18 to approve a subdivision of the 30p "A" and "B" Ordinary shares into shares of 10p, and the adoption of a share option scheme in place of the existing incentive scheme, which does not satisfy the new Finance Act 1972 conditions.

The existing scheme will remain operative in respect of the shares already issued under it and the rights of participants are not affected. The Inland Revenue have indicated that the new scheme meets all the conditions and if approved by shareholders it will be submitted for formal approval.

No options will be granted until permitted under the Government's counter-inflationary policy and the Board does not then plan any large scale immediate offer of options. It is not at present proposed to issue options to executives while they are holding partly paid shares under the existing incentive scheme but to new or promoted executives. Non-executive directors are ineligible, and those retiring within three years unsuitable for inclusion.

J. CROPPER

First half profit of paper makers, James Cropper and Company increased from £71,185 to £84,122, but after a higher tax charge the net balance is little changed at £42,061, against £42,711. Pre-tax profit for the year to March 31, 1973, was £178,273.

As known the interim dividend is 3½ per cent. net, equal to last year's 5 per cent. gross. The 1972-73 total was 10 per cent gross. Cost of the interim is £14,000 (£20,000).

INSURANCE BASE RATES

† Atlantic Assurance ... 13¼%

† Address shown under Insurance and Property Bond table.

Bibby and Baron goes ahead

Paper, polyethylene, bag and carton manufacturers Bibby and Baron (Holdings) reports pre-tax profits head from £106,300 to £109,600 for the six months ended September 30, 1973, despite heavy expenditure.

The interim dividend is maintained at 1p gross—0.7p net. Last year's payments totalled 3.5p *gross paid from pre-tax profits of £533,500.*

Chairman Mr. A. J. Baron says an outstanding feature of the six months has been the effort and money expended on plastics at both the newly acquired Leominster factory and at Bury. In the process a loss of £142,000 has been incurred.

However, as forecast at the annual meeting, since the end of September efforts are proving effective and the company is currently trading at a profit.

	Six months 1973 £000	1972 £000
Turnover	6,219.1	4,996.8
Trading profit	330.4	256.0
Depreciation	206.4	135.2
Debenture interest	13.0	17.5
Share associates	4.0	3.0
Pre-tax profit	109.6	106.3
Tax	54.8	41.8
Net profit	54.8	64.5

With full order books, even with the present restrictions on *margins, this should mean* increases in production accompanied by improved overall profitability.

S. Casket's improvement

Sales and profits of clothing manufacturers and distributors S. Casket (Holdings) are "more encouraging" for the first quarter of the current year, and show a "healthy improvement" on the corresponding period last year, says the chairman, Mr. P. Casket. The eventual effects of Phase Three cannot yet be forecast in detail, he adds.

As reported on October 25, group pre-tax profit for the year to June 30, 1973 was £702,071 (£465,570), the dividend 28.93293 (27.44) per cent., and a one-for-eight scrip issue is proposed.

The retail division was the strongest in the growth of profit. During the year that number of outlets was increased by four to 44, and two other units, currently under negotiation, should be ready for trading before the Christmas period.

Casket's first overseas trading subsidiary, based in Hong Kong, was established during the year.

Meeting Manchester, December 20, at 12.30 p.m.

FINANCIAL TIMES STOCK INDICES

—	Nov. 23	Nov. 22	Nov. 21	Nov. 20	Nov. 19	Nov. 16	A Year ago
Government Secs.	61.63	61.67	61.70	61.90	62.12	62.17	72.46
Fixed Interest	61.88	61.89	61.92	61.94	62.01	61.88	75.90
Industrial Ordinary	378.0	385.5	393.1	394.1	397.3	402.6	500.2
Gold Mines	143.5	145.2	144.5	147.3	149.2	149.4	84.7
Ord. Div. Yield %	5.00	4.92	4.84	4.82	4.79	4.71	3.27
Earnings Yld % (full) (a)	11.27	11.07	[illegible]	10.86	10.78	10.61	†5.26
P.E. Ratio (net) (a) (b)	12.14	12.36	12.58	12.61	12.70	12.89	†19.01
Dealings marked	8,008	6,860	6,889	6,821	7,503	8,076	10,375

*10 a.m. 382.9 11 a.m. 381.5 Noon 382.0 1 p.m. 381.0 2 p.m. 380.7 3 p.m. 380.6

Latest Index 01-246 8026

(a) Based on 50 per cent. corporation tax. (b) Nil=11.82. † On old basis.

HIGHS AND LOWS

—	1973 High	1973 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	73.08 (22/1)	61.63 (23/11)	127.4 (9/1/35)	61.63 (23/11/73)
Fixed Int.	73.83 (23/1)	61.73 (15/11)	150.4 (28/11/47)	61.73 (15/11/73)
Ind. Ord.	509.5 (10/1)	378.0 (23/11)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	203.6 (6/7)	93.5 (19/1)	203.6 (6/7/73)	43.5 (26/10/71)

S.E. ACTIVITY

—	Nov. 23	Nov. 22
Daily—		
Gilt Edged	124.9	134.1
Industrials	275.3	224.3
Speculative	100.5	99.5
Totals	152.3	156.1
5-day Av.—		
Gilt Edged	141.4	146.8
Industrials	[illegible]	241.2
Speculative	94.4	94.7
Totals	164.3	164.6

Basic 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec 1942.

FT—ACTUARIES INDICES

—	Nov. 23	Nov. 22	Nov. 21	Nov. 20	Nov. 19	Nov. 16	A Year ago
Industrial Group	157.56	159.53	161.82	161.91	164.00	165.27	208.41
500 Shares	166.40	168.03	170.51	170.56	172.78	172.39	216.75
Div. Yield pc	4.59	4.55	4.48	4.47	4.42	4.43	3.37
P/E Ratio (net)	13.26	13.45	13.66	13.67	13.85	13.82	†17.46
All Share	167.55	169.19	171.52	171.51	173.55	173.12	218.00
Consols Yield pc	12.17	12.16	12.16	12.16	12.06	12.07	9.65

† On old basis

BANK BASE RATES

Allied Irish Banks Ltd.	13 %
Anglo-Eastern Bank	13 %
Anglo-Portuguese Bank	13 %
Henry Ansbacher	13 %
Audley Holdings Ltd.	13½%
Banco de Bilbao	13 %
Bank of Cyprus	‡13 %
Barclays Bank	13 %
■ Wm. Brandt's	13 %
Brit. Bk. of Commerce	13½%
Brit. Bank of Mid. East	13 %
■ Brown Shipley	13 %
Cedar Holdings	13 %
■ Charterhouse Japhet	13 %
Choulartons	13 %
C. E. Coates	13 %
Consolidated Credits	13 %
Co-operative Bank	*13 %
Copleys Bank	13 %
Corinthian Securities	13 %
Credit Lyonnais	13 %
Credito Italiano	13 %
G. R. Dawes	13 %
Dawnay Day	13½%
Duboff Brothers	13 %
Dunbar and Co. Ltd.	13½%
Duncan Lawrie	13 %
English Transcont.	13 %
First Maryland	13½%
FNFC	13 %
■ Antony Gibbs	13 %
Gresham Trust	13 %
Greyhound Guaranty	13 %
■ Guinness Mahon	13 %
■ Hambros Bank	13 %
Hawtin & Partners	13½%
■ Hill Samuel	§13 %
C. Hoare & Co.	†13 %
Julian S. Hodge	13 %
Italian International	13 %
Jacobs, Kroll	13 %
Keyser Ullmann	13 %
Kinghurst Securities	13 %
Lloyds Bank	13 %
London & County Sec.	13½%
London & European	13 %
London Cavendish	13½%
London Mercantile	13½%
Midland Bank	13 %
■ Samuel Montagu	13 %
Moorgate Mercantile	13 %
■ Morgan Grenfell	13 %
Morris Wigram Ltd.	13 %
National Westminster	13 %
Northern Comm. Trust	13 %
Norwich General Tst.	13 %
Portman Guaranty	13 %
■ Rea Brothers	13½%
P. S. Refson & Co.	13 %
■ N. M. Rothschild	13 %
St. Mary Axe Finance	13 %
E. S. Schwab	13 %
Security Tst. Co. Bhm.	13 %
Shenley Trust	13 %
Standard Guarantee	13 %
Sterling Credit	13½%
Sterling Industrial Sec.	13 %
Stewart Salmon & Co.	13 %
Swiss-Israel Trade Bk.	13 %
Thames Guaranty	13 %
Trade Development Bk.	13 %
Twentieth Century Bk.	13 %
United Bank of Kuwait	13 %
Wallace Bros. Sassoon	13 %
Whiteaway Laidlaw	13 %
G. T. Whyte	13 %
Williams & Glyn's	13 %
Wintrust	13 %
Yorkshire Bank	13 %

All deposits under £10,000 limited to 9½% as per Bank of England request.

■ Members of the Accepting Houses Committee.

* 7-day deposits £10,000- 11½%. 1-month deposits 11¾%.

† 7-day deposits in excess of £10,000 up to £25,000 11½%, over £25,000 12%.

§ Demand Deposits 12% £10,000 and over.

‡ Linked to M.L.R.

RECENT ISSUES

EQUITIES

Issue Price	Amount Paid Up	Latest Renunc. Date	1973 High	1973 Low	Stock	Closing Price p	+ or —	Div. Amount	Times Covered	Gross Yield	P/E Ratio
	F.P.	30/11	47½	41	Archimedes Inv. Inc.	42½	—	Q18	—	10.6	—
	F.P.	30/11	67	61	Do. Cap 50p	61	—1				
	F.P.	—	67	60	Austin (James) Steel	60	—1½	614	2.4	8.3	7.2
	F.P.	—	140	100	BG Securities (50c)	105	......	c13	1.6	7.5	8.5
	F.P.	—	£19¾	£12⅞	Bell & Howell	£13	+1⅛	84c	—	2.6	—
	F.P.	—	£34⅝	£22½	Carborundum $3	£25¼	+¼	$1.55	—	2.7	—
	F.P.	—	88	73	Christies Intl. 10p	81	—1½	24⅛	2.0	4.3	16.6
	F.P.	—	£26	£23	Cie Francaise Petroles 'B'	£23	—1⅞	12F1	2.5	5.1	11.8
	F.P.	—	£19⅝	£14⅛	Columbia B'g Sys $2.50	£14¼	+⅛	$1.40	—	4.2	—
	F.P.	—	£21¼	£19	C'p'n'hgn Hd'b'k 'B'	£19⅛	+⅛	s11	5.0	4.1	8.0
	F.P.	—	£25	£22	Distill'rs Crp Sgrm. $1	£22¼	+¼	$1.20	—	2.2	—
	F.P.	—	£21⅝	£18½	Dover Corp. US$1	£18⅝	+1⅛	$1.04	—	2.3	—
	F.P.	16/11	£36⅜	[illegible]	General Elect. Co.	£32⅝		$1.60	—	2.0	—
	F.P.	—	£19¼	£15½	Guard. Mort. Invs. B	£15⅞	......	$4.09	—	10.5	—
	F.P.	28/11	[illegible]	[illegible]	Hanover Grand 5p	39	—1	14.9	3.0	5.6	20.0
	F.P.	—	36	34½	K. Ind. Inv.	36	+½	7.8	1.7	7.8	10.8
	F.P.	16/6	145	117	Nat. Brit. Prop. (Cap)	117	—2	—			
	F.P.	—	[illegible]	[illegible]	Ovenstone Inv. (12½c)	90	......	610c	3.2	6.8	6.5
	F.P.	—	240	196	RTZ (Accum)	196	—4	—			
	F.P.	—	120	110	Rapp & Maister (5c)	115	+5	Q6.15	1.5	4.0	16.9
	F.P.	—	[illegible]	£14⅞	Richardson Merrell	£15⅛xc	+⅛	$1.03	—	2.7	—
	F.P.	—	£25	£20	St-Gobain Pnt. (Fr. ...)	£20	—¾	Q9½	3.3	0.4	18.3
	F.P.	—	840	690	Saul (BF) Inv. Tst. $10	690	+5				
	F.P.	—	[illegible]	18	Totalisator & Grey. 1p	18	—1	Q14	2.2	3.9	16.0
	F.P.	—	£21¾	£20⅝	Warner-Lambert US$1	£20⅞	+⅛	$1.44	—	2.9	—
	F.P.	14/12	[illegible]	36	Winston Estates	36	—1½	3½	1.0	3.5	39.5

Issue Price	Amount Paid Up	Latest Renunc. Date	1973 High	1973 Low	Stock	Closing Price	+ or —
US$100	F.P.	—	101	100	Sdln. Corp. 9% $ Bds. 1981	100	—
100	F.P.	16/11	104½	98	General Elect. 5½% Sterl. $ Cnv. 85/95	99	—
[illegible]	F.P.	24/5	94½	84	Grendon Trust 11% Uns. 78/81	94xd	—
[illegible]	F.P.	27/12	102⅝	98½	Inchcape 12½% Uns. Ln. 93/98	98½	—
•	nil	30/11	2	¼	Jessel Secs. 7.7% Cnv. Cum. Red. Prf.	¼pm	—
£100	F.P.	1/12	97½	95	Met. Estates 8½% $ Bds.	96½	—
£99	F.P.	—	£99	£96	Nat. Coal Board 8½% Gtd. Bds 1998	£98¾	—
£100	F.P.	—	28½	71	Rolls-Royce Motors 8% Cnv. Uns. Ln. 97/2002	71	—
£99	F.P.	—	£97	£95	Staffs. Potts. Water Board 11½% Red. Deb. 1981	£95	—1
£91	F.P.	30/11	91½	88	Sunderland & S. Shields Wtr. ... Red. ...	88	—
•	F.P.	23/11	129	100½	Tower Assets 10% Conv. Loan 1983	123	+4
£100	F.P.	—	$97½	$97½	Utd. Dom. Tst. US$8½% Cap. Bds. 1988	$97½	—
£91½	£10	—	£6	£5	West Kent Water 7% Red. Pref. 1978	£5¾	—

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date		Stock	Closing price p	+ or —
$A2	nil	12/12	—	Comm. Bk. of Sydney	28p	—7
35	nil	17/2	—	Peak Invs.	[illegible]	—
145	F.P.	5/12	5/12	Robinson (G.A.)	128	—
15	nil	30/11	—	Supara Invs.	4pm	—
75	nil	—	—	Woodside-Burmah	27pm	+3

Renunciation date usually last day for dealing free of stamp duty. *a* Placing price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part capital; cover based on dividend on full capital. p Pence unless otherwise indicated. J Figures based on prospectus or official estimates for 1971. P Figures based on prospectus or other official estimates for 1972. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ♥ Issued by way of rights. ‡ Rights by way of capitalisation. †† Tender allotment price. ● Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ‡‡ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. $ With warrants.

FIXED INTEREST STOCKS

Paid Up	Latest Renunc. Date	1973 High	1973 Low	Stock	Closing Price £	+ or —
F.P.	14/12	4½	1	Anglo Tr'vaal Pfg. Prefd.	1pm	—1
F.P.	30/11	95	90	Bristol Street 10½% Cnv. Uns. 85/88	90	—2
F.P.	29/11	101	92	Brit. Dredging 6% Cnv. Uns. 85/88	95	......
F.P.	8/1	99	92	Brit. Match 10% Cnv. '85/88	92	......
F.P.	—	[illegible]	97½	Cap & Cnts 9% $ Bds. Guar. 1988	97½	—
F.P.	—	105	100	Dundee Corp. (City of) 9½% Bds. 1985	103	—

MINING NOTEBOOK

A look round the Gold share market

BY LODESTAR

MINING markets are still in the state when only bear factors seem to count but the facts of life, namely the news from the mines, go on as our daily columns record and they must at least play some part in eventual individual share valuations come what may in the present gloomy world scene.

Even South African golds are hardly in sparkling form at the moment. Our index is down 29 per cent. from its July peak. But there are still many holders who are basking in one of the few —in fact almost the only—rays of sunshine amid the general stock market mayhem. This is shown by the fact that the index, although subject to the general decimation, is still 51 per cent. up since the beginning of the year.

Moreover, there is at least in the short term what should be a sparkling half-yearly dividend season approaching. A look at the prospects should therefore be useful. That for Blyvoor is as intriguing as any as has been indicated in this column previously.

Blyvoor hopes

A consensus of analytical opinion both in London and Johannesburg puts next month's interim at 30 cents on the way to a 60 cents (37.8p) 1973-74 total which compares with 35 cents for the past year. Subsequently there could be further dividend growth ahead for this Barlow Rand group gold-uranium producer.

It has another attraction in a current gold share market where there is tending to be a complete reversal of the boom time thinking which produced so many successes during the past couple of years. Then it paid to buy the shares of the older marginal producers which had the mathematical advantage of having their profits boosted by a much larger percentage than those of their richer relations.

Now that the chances of any fresh material appreciation in the bullion price have become very much a matter for controversy there should be a swing back for gold enthusiasts to what may be described as the top quality mines.

High-graders

The current high-graders in descending order are West Driefontein, Free State Geduld, Western Deep, Western Holdings, Kloof, Blyvoor, East Driefontein and President Brand. Three of these, FSG, Western Holdings and Brand, are heading towards lower recoveries not by choice but because of a reduced gold content of the ore to be treated over their remaining lives.

Of the others, there is a general feeling that West Driefontein should do better in the year to next June than the chairman's September forecast of 240 cents (151p) with *the December interim* estimates ranging up to an optimistic 145 cents (91.2p).

For Western Deep the 1973 final tends to be put at a minimum 55 cents, which would make a year's total of 97½ cents (61.4p). East Driefontein has yet to reach the dividend-paying stage. It is scheduled to do so in 1974. There could, in fact, be a maiden payment next June. The shares (325p) tend to rank high in the "quality" choices.

Merger terms

A particularly interesting piece of week-end news has been the merger terms for Western Areas and Elsburg. Holders of the latter are to be offered 65 Western Areas for every 100 Elsburg. At Friday's price of 185p for Western Areas this values Elsburg at 120p compared with the close on that day of 148p. The parent house Johannesburg Consolidated is quite frank about this market value discrepancy.

In other words, Western Areas shares are reckoned to be undervalued in relation to those of Elsburg. There will doubtless be some ironing out of this implied discrepancy this morning. Elsburg were already slipping in late dealings on Friday.

I gather from Johannesburg that the use of Western Areas as the take-over vehicle offers the greatest tax advantages with the combined operation likely to start off with a total tax offset of around R52m.

"*Johnnies*" *expects that the ore* recovery grade at Western Areas will improve in 1974 now that the water troubles have been largely overcome and operational *limitations imposed by the consequently* enforced withdrawal from the mine's high-grade area removed.

First reactions in London were that there might well be some opposition from Elsburg holders. But the Johannesburg view was more philosophical. Richard Rolfe reports that a 25 cents final is expected from Western Areas making a 1973 total of 34 cents (21.4p). He adds that if this can be maintained on the increased capital Elsburg holders who have yet to receive a maiden payment should have little to grumble about. It is reckoned that "Johnnies" will hold about 22 per cent. of the combined operation. The proposals certainly look to be good news for Western Areas.

Finally, while on the subject of South African golds, those who like really deep analyses of individual share values should note that stockbrokers James Capel have brought out a new edition of their now well-known Goldval. It is certainly worth begging, borrowing or stealing.

Uranium deal

A mineral rights deal announced this morning between Anglo American Gold Investment, African Gold and Base Metal Holdings and Afrikander Lease is of interest in its indication that the Anglo group is still looking for additional long-term supplies of uranium because the Klerksdorp area ground concerned has a potential for this nuclear material as well as for gold.

It may be recalled that Amgold acquired various rights in this district from the old Dominion Reefs company which was a one-*time uranium producer, closing* down in 1961. Amgold is the company formed by the merger of the two big Anglo group gold share holding companies, West Rand Investment and Orange Free State Investment.

It thus gives one of the best spreads over the South African gold share market. Afrikander Lease is a member of the African Finance Corporation group. There is little or no market in the shares in London.

Falconbridge

A fortnight ago, when I was detailing the 9-month results of Canada's Falconbridge Nickel and reaching the conclusion that Sherritt Gordon looked the better share market bet, the former had a particularly sharp fall. They dropped from $85 to $70½. This looked odd in view of the sharply higher profits.

The reasons were twofold. Earnings did not live up to Canadian analysts' expectations. There was also disappointment that no return to the dividend list was announced. At least the latter omission has now been made good. A quarterly dividend of 25 cents has been declared plus a special distribution of 75 cents to make 100 cents for the year. The last payment was 100 cents for 1972, when dividends were suspended after the first two quarterlies of 50 cents apiece.

It was, of course, noted in Toronto that the latest quarterly was only half the previous rate, which hardly helped the share price in a generally depressed market. But Falconbridge has $8 a share earnings in prospect for 1973. So it could be a recovery stock in anything like normal markets if indeed such things are likely to exist in the weeks to come. McIntyre Porcupine has a 37 per cent. stake and is in turn controlled by America's Superior Oil group.

INSURANCE

Rating changes in Stage 3

BY OUR INSURANCE CORRESPONDENT

THROUGHOUT the autumn discussions have been continuing between insurers and the DTI on the degree of control the department should exercise over rating changes during Stage *Three of the Counter Inflation* Programme. These discussions have now produced agreement both in principle and in a fair degree of detail. It remains for both sides to agree on the precise formula to be observed, particularly by motor insurers, in calculating rating increases.

But this is perhaps putting the cart before the horse. What has been agreed in principle is that the DTI will continue to exercise control over scheduled premium rates. However, in so doing, the DTI will have regard to its obligations under the Insurance Companies Acts to make certain *that insurers remain solvent.* Indeed, where there is a conflict between solvency requirements and the need for restraint in rating increases, solvency requirements will be paramount so that no insurer should be driven to insolvency by departmental intervention.

Where *there is no solvency* problem, the justification for rating increases must be either deterioration in claims experience or unavoidable increase in *the expense of administration.* And though it will be open to an insurer to take steps to increase rates before actually running into the red, to correct a potential loss making situation (so as to provide a return of 1½ per cent. on turnover), no insurer will be permitted to increase rates in Stage Three to enable recovery of losses sustained in Stages One, and Two or even earlier.

With the many fire rating changes agreed with the market for 1974 (and in some cases already being applied) insurers' and DTI's principle concern is now with motor insurance rates. It has been decided that the major motor insurers (the yardstick is having £12m. or more motor premium income in 1972) will have to notify DTI of their *wish to increase scheduled rates,* submit their case in an agreed form and get authority for implementation.

Other motor insurers will not have to get the DTIs approval before raising their rates but normally they will have to give the department notice of increases. If the department then thinks fit, it reserves its right to make spot checks to see whether the increases are really justified.

Claims settlements under liability policies have been and still are subject to considerable inflationary pressures. Though *much commercial liability business* is subject to individual assessment each year, all insurers have a volume of business that it "book rated" and many have become anxious that many of their book rates are proving to be inadequate.

So on the liability front, *insurers must be relieved that* the DTI thinks it is unnecessary to approve rating increases—particularly in view of the departments attitude to motor *rating applications during Stage* Two. Indeed, on the whole of their non-motor business, insurers will be able to increase rates on the agreed grounds within the agreed limits subject only to prior notification to the DTI and the right of the department to make spot checks thereafter.

These arrangements do not allow insurers to return to the completely free pricing market that they enjoyed before November, 1972, but they do go a long way to alleviate if not to prevent entirely the distortion of rating structures and insurers' relative competitive positions. They also signify that perhaps after all, the DTI as directed by the present Government (and of course a different Government could require it to adopt a *different attitude) is not anxious* in the long term to exercise the kind of control over rating that on any objective assessment seemed likely earlier in the year, particularly when the first motor rating applications were submitted under Stage Two.

London tea sales

At the tea sales held in London last week 43,787 packages sold realised an average price of 45.56p per kilo, the same as at the previous sales and against 44.46p a year ago. Plain tea was quoted at 35p.

	No. of kilos	Average per kilo
African Highland Prod.	[illegible]	40p
Amal T.E. Co.	14,533	50p
Anglo Ceylon & Gen.	16,302	62p
Assam Co.	31,647	43p
Assam Frontier	132,142	43p
Attaree Khat	11,403	40p
British Assam	15,479	43p
Bisnauth	16,035	47p
Central Prov.	43,972	44½p
Cons. Estates	16,959	40p
Dekhari	36,754	47p
Doom Dooma	65,851	42½p
Eastern Assam	43,482	45p
Empire of India	27,160	45p
Gurue	36,250	35p
Harmony	19,738	46p
Imperial	20,729	48p
Jhanzie	11,629	47p
Jokai	113,899	47p
Jorehaut	66,971	46p
Kenya	47,039	47p
Moran	[illegible]	46p
Methillie	[illegible]	38p
[illegible]	[illegible]	53p
Pabbojan	[illegible]	49p
Rungwe	[illegible]	47p
Standard	12,006	59p
Telbedde	1,322	47½p
Upper Assam	14,901	46p
Zaloni	10,307	47p

Stock at November 16 amounted to 54,022 metric tons compared with 66,308 metric tons a year ago. Converted at 46,334 kilos per package.

National Savings

—	♦April-Oct. 1973 R'epts	♦April-Oct. 1973 Repayments	April-Oct. 1972 R'epts	April-Oct. 1972 Repayments
	£m.	£m.	£m.	£m.
Save as you Earn:				
Dpt. Nat. S.	17.8	1.8	16.9	1.8
T. S. Bks.	13.1	1.2	11.1	0.6
Total SAYE	30.3	3.0	[illegible]	1.9
Savings Certs.	165.8	239.5	204.7	175.5
Br. Sav. B'nds	188.3	150.2♦	118.7	27.0
Defence B'nds	—	0.2†	—	0.4†
Nat. Dev. B'ds.	—	1.9♦	—	16.3♥
Premium B'ds	75.7	44.5	77.9	38.9
Nat. S. Banks:				
Ord. accs.	341.8	371.8	332.1	343.4
Inv. accs.	65.8	66.5	95.4	39.4
Total N.S.B.	407.6	438.3	427.5	382.8
Trustee B'nks:				
Ord. Dept.	1,617.1	1,475.2	1,428.4	1,379.5
Sp. Inv. Dp.	500.7	304.1	321.6	239.1
Current accs.	201.2	[illegible]	143.4	137.8
Total T.S.B.	2,019.0	1,973.7	1,859.4	1,756.4
Total	2,886.7	2,862.6	2,749.2	2,399.2
Net Savings	+24.1		+350.0	
Accrued Int.	254.1	—	204.9	—
Int. on Certificates & SAYE	—	80.8	—	60.3
Total	3,140.8	2,943.4	2,954.1	2,459.5
Ch'nge in sum remaining invested	+197.4		[illegible]	

♦ Estimate for 30 weeks.
† Defence Bonds paid off on maturity.
♦ Includes £1.9m. National Development Bonds paid off on maturity.
♥ Including £14.1m. National Development Bonds paid off on maturity.
♦ Includes £11.3m. British Savings Bonds paid off on maturity.
Includes securities paid off on maturity.

REGIONAL MARKETS

—	Price Nov. 23	A=Div.	B=Times covered	Gross yield %
BELFAST				
B'fast 6¼ pc '80	£86	Q 6¼	—	14.4
Finlay Pkg. (5p)	26	†Q25	1.8	4.8
Hughes (B) £	115	Q8	1.8	7.0
N. Irish Sot Inv.	58	Q6	1.1	3.9
IRISH EXCHANGE				
Exch'q'r 6pc 80/85	£62.80	Q6	—	[illegible]
Alliance Gas (£1)	91	Q10	♦	11.0
Carroll (P.J.)	143	Q33	♦	[illegible]
Conc. Prod. Ire.	145	Q21¼	3.2	3.6
Clondalkin	68xd	Q12½	1.5	4.6
Goodbody (£1)	100	—	—	—
Helton Hldgs	76	Q11	2.2	5.5
Irish Distillers	85	Q12	♦	5.5
Irish Wire Bd.	85	Q17	♦	5.0
Jacob	69xd	Q20	♦	7.2
Smith Group 10p	38	Q14.4	2.4	3.8
Sunbeam	54	Q5	1.3	2.5
Unidare	79	—	—	—
MIDLANDS & WESTERN				
B'ham Post 'A'	53	Q13	1.9	6.1
Bross 10p	37	Q21¼	1.0	5.8
Evans (Frdk) 10p	56½	Q15	2.9	4.1
Everard	32½	5.6	1.4	6.2
Frost & Reed 50p	268	Q19.2	4.6	5.0
Gardiner £1	62½	—	—	—
Graig Ship. £1	640	12.9	2.0	2.0
Hallam Sleigh 10p	17½	Q†5	C5.0	1.7
Kleen-E-Ze	52	14.7	1.5	10.1
Lovell's Ship. £1	200	6.5	1.6	4.5
Pearce C. H.	125	10.3	♦	2.6
Sandell (Wm.)	117	12.2	3.0	3.7
Vincent (H.)	117	14.7	3.3	3.1
NORTHERN EXCHANGE				
Albany Inv. (20p)	21½	Q5½	1.1	5.0
Ash Spinning	60	†Q18	C1.2	7.5

—	Price Nov. 23	A=Div.	B=Times covered	Gross yield %
Booth (Chas.) (10p)	18§	—	—	—
Brady (G.) 'A'	74	19¼	1.6	9.5
Br'wat'r Est. 50p	330	Q18	1.6	2.7
Br. Northrop 50p	80§	—	—	—
Bury Ring (20p)	23§	—	—	—
Clover Croft	52	5¼	1.6	5.6
Dyson (R.A.) 'A'	55	[illegible]	—	4.5
Ellenroad	57	Q12¼	♦	4.6
Eng. Nat. Inv. Pf.	30¾	Q8	0.8	6.4
Do. Deferred	34	Q4	[illegible]	2.3
Era Ring	40	—	—	—
Gardner (L.)	141	31.2	2.4	7.9
Hartley Ind (20)	41½	7	2.6	4.8
Higson Brewery	116	Q17½	2.9	3.8
Holt (Joseph) (25p)	120	5.9	4.1	1.8
I.O.M. Steam (£1)	127½	Q10	‡0.9	7.8
Nichols Vimto	104½	†25½	1.5	8.7
Nthn Goldsmith	122½	16.2	3.5	4.5
P.M.A. Hldgs	160	♦Q81	—	2.8
Peel Mills	50	♦	—	—
Sayers Conf (12½p)	30	17½	2.7	10.4
Shiloh Spin	55	†Q14	2.3	3.0
SwanLn. Sp. (33⅓p)	36	—	—	—
Tavener Rut (20p)	57	Q25	1.8	7.5
Wood (Ed.)	201½	In Vol. Liq		
Woodward H 12½p	40	13.4	1.3	1
SCOTTISH EXCHANGE				
Bertams	47½	Q10	1.0	5.3
Craig & Rose £1	430	16.2	4.5	5.3
Dundee Ice £1	180	4.4	3.0	3.6
Dundee Crm £1	300	7.3	1.8	3.5
Ellis & McHdy	57	Q22½	1.8	9.9
Fife Forge	68	14.7	2.0	7.7
Hill (Wylie)	115	♦—	—	—
Lees (J.J.) (10p)	34½	Q21	1.8	6.4
Richards (10p)	22½	Q12	2.2	4.6

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

D-Mark issues out of favour

BY DAVID CURRY

THE MAIN feature in the Eurobond markets over the past week has been the extreme uncertainty of the D-Mark sector. *The Voest-Alpine DM100m. issue* was originally envisaged with a coupon of 8 per cent. and this had to be increased to 8½ per cent. This is believed to be the largest rise during the marketing of a bond for a long time and is *attributed to the sharp rise in* short-term rates in the D-Mark.

This means that the D-Mark yields in bonds are now at similar levels to dollar bond yields, which is a totally new factor in the market and *suggests that in the long term* the D-Mark is now regarded as no stronger than the dollar.

In the dollar sector the demand for bonds in the primary and secondary markets has been affected by the rise in short-term rates. Six-month Eurodollar rates went up at one point to 10 last week, probably responding to the earlier rise in the Treasury Bill rate in the U.S. and some heavy borrowing by *Japanese banks.*

The Japanese borrowing is attributed to the Japanese Finance Ministry's decision to withdraw an estimated $650m. from deposits with Japanese banks apparently to stimulate borrowing to counter the heavy loss of external reserves this month.

Two Eurodollar bond issues were closed this week. The $30m. 18-year issue for the Government of Mexico with N. M. Rothschild *and Sons as co-manager* had a coupon of 8¾ per cent. and was priced at par. The yield was 8.75 per cent. The yield on the Bank of Tokyo issue works out at 8.62 per cent.

The Swiss private placement market seems to have all but dried up.

A Sw.Fr.80m. loan is expected to be raised by Manitoba Telephone Company towards the end of the year and it is understood that a World Bank issue is likely in Switzerland in January. Although Sw.Frs.80m. is the present maximum for foreign loans in Switzerland it is thought that the Swiss authorities might make an exception and allow a Sw.Frs.100m. issue.

The American concern Xerox Corporation, which had an operating income of $3,170.6m in 1972 and pre-tax income of $621.6m., made its debut on the Eurobond market last week. Strauss, Turnbull and Company are underwriters to the $75m. issue of convertible subordinated debentures due 1988. Present indications, according to the underwriters, are for a coupon of 4¾ per cent. and a conversion premium of about 15 per cent.

Canadian companies to boost spending

OTTAWA, Nov. 25.

A SURVEY by the Canadian Government indicates that capital spending by major companies in 1974 will increase by 21 per cent. *over this year's* estimate. The survey, issued by the Department of Industry Trade and Commerce, was taken of 200 large corporations that account for about two-thirds of non-agricultural business investment in the country.

The Industry Minister, Mr. Alastair Gillespie, said the survey shows prospects for strong economic growth in Canada next year particularly in manufacturing, oil and gas production and commerce. However he said that less extensive growth is foreseen in Quebec.

Very large projects for the new steel mills, chemical plants and pulp and paper facilities are features of the manufacturing programme. Above average increases in spending are also planned by oil and gas companies and by those in the commercial sector.

The only industry indicating a lower level of spending in 1974 is mining, where several very large projects are nearing completion. Mr. Gillespie said the overall 21 per cent. planned expansion compared with 15 per cent. this year.

World Bank Kuwait loan

THE WORLD Bank is negotiating with Kuwait for a World Bank loan issue of between 80m. and 90m. Kuwait Dinars, Mr. Abdlatif Al-Hamad, General Director of the Kuwait Fund for Arab Economic Development has said. Terms of the loan, the Bank's fifth issue in the Kuwait dinar, still have to be fixed.

In the longer term, a number of Arab countries are exploring *the possibility of developing an* Arab unit of account, perhaps along the lines of the recently launched Eurco unit, for use as a bond issue vehicle, Mr. Al-Hamad said.

He also called for the development of an "index-linked" bond to protect long-term lenders on the international capital market against the risk of depreciation of their investments illustrated by the recent series of dollar devaluations and the current high rate of inflation.

Reuter.

Great Plains dividend

THE DIRECTORS of Great Pl[illegible] Development Company [illegible] Canada have declared a re[illegible] dividend of *50 cents* per s[illegible] on the outstanding shares of [illegible] company. Payable on Janua[illegible] 1974 to shareholders of re[illegible] on December 7, 1973, this [illegible] consecutive dividend is 10 c[illegible] higher than any previous[illegible] declared by Great Plains.

Amro Bank

AMSTERDAM-Rotterdam B[illegible] has said its 8½ per cent., 15 [illegible] debenture announced [illegible] November 12 and priced at [illegible] closed oversubscribed after [illegible] bank made use of its righ[illegible] raise the loan to Fl.135m. [illegible] the originally scheduled Fl.75[illegible]

Indices

NEW YORK

DOW JONES AVERAGES

STANDARD AND POORS U.S. STOCK INDICES

	Ind.	Ord.	†Composite
Nov. 23		111.69	99.44
21		112.14	99.78
20		110.87	98.66
19		113.15	100.71
16		116.58	103.88
15		115.13	102.42
14		115.16	102.45
13		117.33	104.36

MELBOURNE YIELDS

Av'ge yield on all Leading Stocks	Nov. 22	Nov. 15	Nov. 9
On Dividends	5.87	5.41	5.50
On Earnings	9.12	8.96	8.87

SYDNEY ALL ORD. INDEX

Nov. 23	Nov. 22	High 1973	Low 1973
461.62	465.50	637.20 (10/1)	458.88 (4/1)

HONG KONG INDEX*

Nov. 23	Nov. 22	High 1973	Low 1973
567.15	574.61	1,774.96 (9/3)	491.77 (12/11)

SINGAPORE INDEX§

Nov. 23	Nov. 22	High 1973	Low 1973
332.56	351.70	611.56 (15/2)	280.71 (4/8)

TOKYO NEW SE INDEX†

Base=100 January 4, 1968.

Nov. 23	Nov. 22	Div. %	Yield %
320.13	319.44	11.90	2.25

	High	Low
1973	422.48 (24/1)	319.44 (22/11)

EUROPE

	Nov. 23	Previous	1973 High	1973 Low
Belg'm(ss)	127.76	128.69	142.33 (22/8)	123.11 (2/1)
Denm'k(d)	—	105.92	128.98 (10/8)	105.92 (22/11)
France(m)	81.4	82.9	98.9 (4/6)	80.4 (3/1)
Germany*	88.19	89.15	120.71 (23/4)	88.19 (23/11)
Holland(c)	127.6	129.2	171.9 (15/4)	127.6 (23/11)
Italy†	115.66	118.00	147.36 (19/6)	[illegible] (16/2)
Sweden(p)	359.80	365.85	466.84 (10/7)	342.41 (11/10)
Switzer'l'd	344.8	349.8	460.1	366.[illegible]

* Handelsblatt Index Base Dec. 31, 1958. ‡ Base 100 Jan. 2, 1973. ** Swiss Bank Corporation Index base 100 Dec., 1966. (c) Closed. (m) Base 1965. (o) Base 100 1963. (p) Base Dec. 29, 1966. (ss) Paris Bourse Committee, base 100 1961. (d) Base 100 January 1, 1973. † Base 100 Jan. 2, 1973. ⊕ Hang Seng Bank, base 100 July 31, 1964. § Straits Times Industrial, base 100 1966.

TORONTO

MONTREAL

JOHANNESBURG

AUSTRALIAN WEEKLY LIST

Australian $	Nov. 23	Nov. 16	Australian $	Nov. 23	Nov. 16
Advertiser Newsp'p'r	2.21	1.71	Kiwi Int.	†0.74	0.76
Ansett Transport	0.65	0.68	M.L.C.	—	‡4.30
Assd. Securities	1.32	1.38	Mauri Bros. & T.	‡1.18	1.17
Aust. Guarantee	1.87	1.90	Mayne Nickless	1.40	1.37
Aust. & KandosC'm't	‡1.35	1.40	Nylex Corporation	†1.10	1.11
Aust. Paper M'nf'c'g	†1.60	1.61	Olympic Cons.	0.76	0.76
Bonl	2.10	2.24	Overseas Corporation	1.76	1.77
Bramble Inds.	1.25	‡1.24	Petersville	†0.30	†0.32
Burns Philp	3.92	4.10	Queensland Cement	3.03	3.04
Carpenter (W.R.)	2.17	‡2.33	Queensland Ins.	‡3.40	3.63
Castlemaine Perkins	4.37	4.67	Rocla Industries	1.79	1.79
Coal & Allied	1.24	1.29	Swan Brewery	1.84	2.01
Commercial Bank	3.12	3.15	TV Corporation	2.82	2.82
Commercial Union	0.85	0.91	Thiess	1.34	1.31
Commonw'lth Mining	‡2.20	2.25	Thomas Nat. Trans.	†1.80	1.86
Grace Bros.	1.91	2.01	Tooheys	1.89	1.95
Hardie Asbestos	†4.40	4.45	Travelodge	‡0.58	‡0.56
Herald & Weekly	3.45	3.78	Woodside Burmah	1.35	1.15
Humes	†1.10	1.11			

† Buyer. ‡ Seller.

TEL AVIV STOCK EXCHANGE

HONG KONG

SINGAPORE PRICES

JOHANNESBURG

AUSTRALIA

	Nov. 23
Pioneer Concrete	1.60
Reckitt & Colman	†2.70
Repco	1.74
St. James Properties	†0.98
Slater Walker	0.73
H. C. Sleigh	†0.62
Southland Mining	0.41
Stocks & Holdings	4.42
Tooth ($1)	2.71
Unochrome	0.53
Waltons	†1.90
Western Mining (50 cents)	1.38
Woolworths	1.01

CANADIAN WEEKLY LIST

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY

PARIS

MILAN

Nov. 23	Price Lire	+ or —	Div. Lire
Alitalia Priv.	6,900	+200	—
ANIC	1,041	+11	—
Bastogi	1,875	—28	60
Breda	4,450		100

AMSTERDAM

SWITZERLAND

TOKYO

STOCKHOLM

BRUSSELS

COPENHAGEN

OSLO

VIENNA

SPAIN

AUTHORISED UNIT TRUSTS (p***)

OFFSHORE AND OVERSEAS FUNDS (p***)

Morgan Grenfell Fds Mgt (CI) Ltd
19 Pollet St., St. Peter Port, Guernsey, C.I.
Channel Islands.. 91.0 96.0 — —

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C.2. 041-221 5521
*HopeStreet Fund US$19.45 — —
‡Murray Fund... US$9.16 — —
*NAV Nov. 15. ‡NAV Oct. 31.

UNIT TRUST PRICES

Prices in pence	November 23	
National Group (‡)		
Nat. Unit 'D' Second Series..	158.7	166.8
Century Trust	44.0	46.0
Nat. Consolidated Unit Trust	41.4	43.6
Universal Second Unit Trust	90.4	94.7
Commercial Consolidated	42.5	44.2
Hundred Trust	46.0	47.7
Gas & Electric Second Series	386.4	400.8
Inv. Sec. General Trust	59.0	61.8
Investors General Trust	36.6	38.5
Provident Investors Second..	122.0	127.9

NEW MERROL FIRE PREMISES

A healthy order book and bright prospects have been reported at the official opening of new and larger premises for Merrol Fire Protection Engineers, at Bilston, Staffs.

The company, set up four years ago with a staff of three, now has a turnover well in excess of £1m. It has also opened a London sales office.

Bank base rates Page 35

WEEKLY AVERAGES OF U.K. INDICES

Week to—	Nov. 23	Nov. 16	Nov. 9	Nov. 2
Financial Times				
Govt. Secs.	61.26	62.64	64.27	65.50
Fixed Interest	61.03	62.71	65.21	65.41
Industrial Ord.	389.6	[illegible]	[illegible]	[illegible]
Gold Mines	140.7	[illegible]	[illegible]	[illegible]
Dealings mkd.	7,216	[illegible]	[illegible]	[illegible]
F.T.-Actuaries				
Ind. Group	[illegible]	[illegible]	[illegible]	177.08
500-Share	164.67	[illegible]	[illegible]	185.56
All-Share	[illegible]	[illegible]	[illegible]	[illegible]
20-yr. Red. Deb.	[illegible]	[illegible]	[illegible]	[illegible]
Red. Debs.	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE, PROPERTY, BONDS

Fidelity Life Assurance Ltd.
Fidelity House, Corporation Street, High Wycombe. Tel. HW 33321.
♥AmericanGthFd 36.8 38.6 — —
♥Flexible Fund... 20.7 21.8 — —
Trust of Funds ... 48.06 50.79 — —
Do. Cap ... 48.0 50.6 — —

Life Assur. Co. of Pennsylvania
40-42, New Bond St., NW1Y 0RQ 01-493 8395
♥ACOP Units ... 920 966 — —

Lloyd's Life Assurance Ltd.
12, Leadenhall St., EC3M 7LS 01-623 6621
L'Mult'GtFdNov.6 0.87140 — —

Save & Prosper Group
4, Gt. St. Helen's London EC3
♦Bal'ned Inv. Fd 97.9 103.1 −0.1 —
♦Equity Bonds.... 83.1 87.5 −0.2 —
EquityPension Fd 92.6 97.5 −0.8 —

SHARE INFORMATION SERVICE: NOTES

... Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend. ‡ Cover does not allow for shares which may also rank for dividend at a future date. No p/e ratio usually provided.

... of capital cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k After local taxes. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividends and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, p/e ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yields allow for currency ...

Money & Exchanges

Bank of England Minimum Lending Rate 13% (since November 13, 1973)

Short-term interest rates in the London money market rose further last week, with the three-month sterling certificate yield touching 15⅞-15¾ per cent. at one stage, and ending at 15⅞-15⅝ per cent., against the previous 15-14¾ per cent. At the Treasury bill tender, the average rate of discount rose 0.0651 per cent. to 12.4777 per cent. (not as reported in the Money and Exchanges commentary on Saturday). The minimum-accepted bid, in annual discount terms, rose 0.0602 per cent. to 12.4942 per cent. Day-to-day credit was in short supply for the most part last week, with the authorities buying bills on four days.

Sterling fell in terms of the U.S. dollar on the week to $2.3455-2.3475, from $2.3860-2.3870, for a loss of about 1.68 per cent. The pound lost only a modest amount of ground on balance against major currencies in general, however, with its trade-weighted average depreciation since the Washington Currency Agreement of December, 1971, widening to 17.65 per cent., from 17.54 per cent., and against many leading units it made appreciable gains. In terms of the German mark, for instance, the pound rose 9pf. on balance to DM6.23, in terms of the Dutch guilder 7½c to Fls.6.47½, in terms of the French commercial franc 6c. to Frs. 10.62, and in terms of the Swiss franc 1c. to Frs.7.55½. Canadian dollars, however, gained 425 points against sterling, to $C2.3425, and Spanish pesetas 135 points to Pts.135.00, while Japanese yen (helped by official support against the dollar in Tokyo) improved Y8 to Y658½. German marks were in strong demand on a short-term deposits basis, as were Swiss francs, while short-term Eurodollar rates were firm.

Gold fell $½ an ounce on the week in London to $89½-90½, in moderate business.

EURO-CURRENCY INTEREST RATES*

Nov. 23 1973	Sterling	U.S. Dollar	Canadian dollar	Dutch guilders	W. German mark	Swiss franc
Short-term	12⅝-15¼	[illegible]	7-7¼	7½-8	25-30	11¼-11⅝
7 days' notice	—	[illegible]	7⅛-7⅜	7½-8	25-30	[illegible]
Month	15⅜-15⅞	[illegible]	8-8¼	8¾-8¼	13-13½	11-11¼
Three months	16-16½	9⅞-10⅜	[illegible]	9-9½	10¼-10¾	9½-9¾
Six months	16⅛-16	[illegible]	9⅝-9⅞	9-9½	9½-9⅞	8¾-9
One year	[illegible]	[illegible]	9⅛-9⅜	8½-9	8½-8⅞	7¾-8

Euro-French franc rates: two-days' notice 11-11½ per cent.; seven-days' notice ... per cent.; one-month 10¾-11½ per cent.; three-month 10⅞-11⅛ per cent.; six-month ... per cent.; and 12-month 10⅜-10⅞ per cent.

Long-term Eurodollar rates were as follows: two years 9-9½ per cent.; three years ... per cent.; four years 9¾-9⅜ per cent.; and five years 9⅝-9¼ per cent.

FOREIGN EXCHANGES

FORWARD RATES

CORAL INDEX
Close 376-381

THE JOBS COLUMN

Saving children · Heir for rubber · Upper marketing

BY MICHAEL DIXON

THE CHARTER of the Save the Children Fund, which was founded in 1919, requires it to preserve child life wherever it is threatened. And the fund does its best to comply—current operations span just under 50 countries, including Ethiopia and Vietnam.

Sir Colin Thornley, the former Colonial administrator, who has been director-general of the fund for nine years now, is soon to retire. So a successor is needed to head the executive side under the policy-making council. This currently has 43 eminent members, including chairman Lord Gore-Booth, former chief of the Diplomatic Service.

A feature of the fund is that, instead of merely making grants, it runs its own operations. Its aim is to go beyond relieving disaster and set up the beginnings of a child health and nutrition service which it can hand over to the people of the area concerned.

As well as in the starved countries, the fund helps unfortunate children in the U.K. where it provides, for example, playgroups in hospitals.

Its income is given and raised by volunteers all over this country—the 720 branches contribute around £500,000 a year, workers subscribe about £250,000 through the "pennies a week" appeal, and so on. Annual income is around £3m. a year, of which only about 17½ per cent. goes on overheads, although headquarters staff in London number about 120.

"The main problem now," says Sir Colin, "is that though our income has been rising, it has not risen as fast as the pound's value has er . . ., I suppose we'd better say 'floated downwards.' We're facing a deficit this year which looks like being £150,000. But, you know, we have enormous faith in our voluntary supporters."

The director-general's immediate paid help consists of a deputy, directors of fund-raising and of overseas operations, an administrative secretary, and a chief accountant. A director of U.K. operations may be added soon.

The DG has a full-scale chief executive's job requiring not only management skill and business sense, but also the presence to represent and speak for the fund among the general public, voluntary helpers, and professional staff.

Candidates, aged about 40-55, could have developed the necessary presence and powers in business, administration, or the Services. They'll need to be willing to start at, I would guess, something not much over £5,000. No perks. Few holidays. World-wide travelling — by tourist class, of course.

Applications to Ken Slater of Tyzack and Partners (10 Hallam Street, London, W1N 6DJ. Tel.: 01-580 2924).

Deputy MD in Glasgow

Robin MacLellan, chief executive of the family-owned George MacLellan group, is looking for a deputy managing director for one of the three operating companies. This is the Glasgow-based MacLellan Rubber, which employs about 400 and makes rubber and synthetic products mainly for engineering purposes.

The other companies are Flexible Ducting and MacLellan Weatherwear.

In a few years the deputy is likely to succeed Rubber's present managing director, Basil (yes, you've guessed it) MacLellan. Until then the task is to help to run the company and continue its "re-modernisation."

"We want someone aged 30-40 who, if not Scottish, has a sympathetic awareness that we Scots have our peculiarities," says Robin MacLellan (Shuna Street, Glasgow, G20 9QA—telephone 041-946-5111).

Candidates must be used to 400-700 employee organisations, and have had profit responsibility for a business operation. Degree and/or higher studies in management preferred.

Salary unquoted. I would estimate £4,000-£6,000. Perks include car and non-contributory pension.

In the year to September 30, 1972, the group made £263,000 pre-tax profit on £3m. sales. I think it might have done better in 1972-73.

Porvair's firm foothold

"We made a £1m. loss in each of our first three years, cut it to £280,000 last year, and in the first half of the current one we scored a £180,000 profit. So we've turned the corner," says John Shapley. He is marketing director of Porvair, maker of the eponymous synthetic material used for the upper parts of shoes.

"It's sold for other things, such as watchstraps and footballs," Mr. Shapley adds. "But out prime aim is to dominate the footwear markets. I estimate that something like 7m. pairs of shoes will be made in the U.K. from our material this year, and we've completely sold out our plant capacity. Fortunately, we have more coming available next year.

"But although we've done well, we can't let our marketing rest. We're going to come under attack now. And at the same time, I need to give more of my attention to policy matters and sales overseas."

So he wants a market manager U.K. for the company, which is owned by Inmont Corporation of the U.S. Based in Northampton, the manager will also cover Ireland. Tasks include developing and launching new fashion lines, and negotiating with important customers.

Candidates must already be sales or marketing managers with companies manufacturing, selling or distributing shoes, or supplying the footwear industry. Graduate-level intellect essential. Languages would help. Age 35-47.

Salary negotiable from £5,000. Other benefits for discussion. Applications to Eric Davies, personnel manager of Porvair (Estuary Road, King's Lynn, Norfolk).

High-pressure production

A production director is wanted by Avimo. Its two Taunton factories make "fairly sophisticated optical instruments, such as signalling systems for fighting vehicles," says managing director Roy Mountain (Cyril Street, Taunton, Somerset).

Turnover has risen from £1m. to £3m. in something like four years, and the company now has a very large order book. Also, the 600 employees are dealing with relatively small batches of multi-element, complicated products. So the production director will have an extremely high pressure job.

The two works managers will report to the new director, who will join the company Board.

Candidates must have been successful production managers in some similarly complicated batch-production set-up. Engineering qualification wanted. Age 35-50.

Salary £5,000-£6,000. Car. Help with removal. Contributory pension. About four weeks' holiday.

Avimo is owned by United Scientific Holdings, which in the half year to March 31 made £184,803 pre-tax profit on £1.72m. turnover (£124,421 on £1.16m.).

Maplin's main money man

The Maplin Development Authority is already at work even though Parliamentary approval will be needed before it can start reclaiming a chunk of about 20 square miles of land off the Essex coast.

"Since we cannot get approval until early next year at best," says Douglas Janes, the Authority's chief executive, "we shall be hard pressed to meet the target date for the airport, which is 1983, and the target for the sea port, which is still closer: part of this should be ready in 1977. So we shall have to be ready to go out to tender as soon as the go-ahead is given."

Mr. Janes, previously Department of the Environ[...] finance specialist, wants a m[...] experienced person of sim[...] skill to become his chief fin[...] officer. The newcomer will [...] part-time at the London he[...] quarters, where there are [...] full-time staff, including [...] accountant.

Tasks will include work[...] out financial policy (borrow[...] will be mainly from Gov[...] ment): reviewing des[...] making cost projections for [...] air and sea ports and for [...] development — possibly a[...] leisure centre — of some 2[...] acres of the site: and nego[...] ing at high levels.

Responsible to Douglas Ja[...] and the Board under chair[...] Sir Frank Marshall, the n[...] comer will be a qualified acc[...] tant, either retired or other[...] able and willing to work [...] days a week for about £27 a [...] (which represents about [...] fifths of a Civil Service assis[...] secretary's full pay).

Candidates must have he[...] leading financial role in [...] isations dealing with large, c[...] plicated projects. "We ha[...] very odd cash flow situati[...] says Mr. Janes (2 Mars[...] Street, London, SW1P [...] Tel. 01-212 7453).

BANKING AND INSURANCE APPOINTMENTS

GENERAL APPOINTMENTS

A. Beckman Limited

Record growth in first year as a public company

	1973	1972
Year ended 30th June		
Turnover	£8,539,954	£6,765,505
Profit before Tax	£1,139,314	£664,873
Profit after Tax	£680,314	£396,573
Earnings per Share	8.80p	5.29p

Highlights from the Statement by the Chairman, Mr. S. Beckman.

- Record turnover profits and earnings per share. Substantial increase over previous year's figures.
- Results obtained without benefit of acquisitions and represented entirely by internal growth.
- Gross dividend equivalent to 55% compared with 35% forecast in Offer for Sale.
- Strong liquid position enables us to take advantage of opportunities that may arise.
- Turnover since the year end shows substantial increase compared to same period last year.

Copies of the Report and Accounts are available from The Secretary, 112 Great Portland Street, London, W1N 5JB.

ORBIT HOLDINGS LIMITED

xtracts from the Annual Report and Accounts to 0th June, 1973, and from the Statement of the hairman. Mr. J. Carl Ross.

	1973	1972
roup Profit before Taxation	£159,257	£71,098
arnings per Share	3.29p	1.86p
ividend per Share—equivalent to	1.84p	1.75p
dvances	£1,478,499	£526,415

rofits and Dividends

iroup earnings adjusted for extraordinary items vere 3.08p per share, an increase of almost 50 per ent. The Directors are recommending a final ividend of 0.84875p per share, the maximum ayment allowable under current legislation.

rospects

During the past two years the Company has been onverted from a small Investment Trust into an nvestment and Finance Company. This change has rought about a considerable increase in earnings per nare and the Directors are confident that, in the bsence of unforeseen circumstances, this trend will ontinue in the years ahead.

GENERAL APPOINTMENTS

Institute of Offshore Engineering Heriot-Watt University

Established by the University with initial financial assistance om the Wolfson Foundation, for the purpose of creating a entre of specialised knowledge in offshore engineering, IOE dopts an independent position to make it an acceptable partner collaborative research projects with industry and/or government.

IOE has an immediate aim to assist in solving technological roblems in exploiting hydrocarbon resources offshore. IOE will so become concerned with aspects of other offshore resources nd with the problems of engineering in/for deeper waters.

The Institute will shortly move to a new building under nstruction on the University's Research Park at Riccarton, miles from the centre of Edinburgh.

The University has identified a role to act as a focus for lucation related to offshore engineering and underwater techology and IOE will act as the link ensuring that this education achieved in conjunction with relevant industry and with real chnological problems.

DIRECTOR IOE

It is now intended to appoint a full-time director with the cessary engineering experience, vision and tenacity to secure e above objectives, to devise strategy for future development, seek out ways of ensuring continued financial support and to ovide opportunities for problem-oriented research for ademic staff of the University. Initial appointment will be on contract of up to three years' duration. Post to be taken up the earliest opportunity and preferably no later than April 74. Salary will be in the professorial range.

Applications to be submitted not later than 31st December '3.

Please quote reference No. 16/1/5006.

Further particulars from and applications in confidence to ofessor Tom Patten, Acting Director

IOE itute of Offshore Engineering

Heriot-Watt University
79 Grassmarket, Edinburgh.

Leading French Engineering Company
Headquarters in Paris
seeks

nior Engineer for Development of their Engineering Activities relating to offshore facilities

num of five years' experience in this particular field required. Knowledge of French desirable.

nterested candidates should submit brief resumé to General STROMBERG, 19 RUE SINGER, 75016 PARIS, FRANCE.

erviews to be held in London on December 4 and 5.

Geo. W. King sale to Camford saves 600 jobs

BY KENNETH GOODING

AT LEAST 600 jobs have been saved at the Geo. W. King factory at Stevenage, Herts, following the sale of its assets and liabilities by Tube Investments to the Luton-based Camford Engineering.

Tube Investments paid £2m. for King in 1967, since when it has suffered substantial losses. It will collect £1.25m. on deferred terms for King's net assets, said to be worth "significantly more" than this sum.

The company had intended to close down the major part of King's operations, involved in the manufacture of mechanical conveyor and warehouse installations primarily for the automotive industry.

Closure would have meant around 750 redundancies out of a total workforce of 1,000 at the plant. Since the possible deal with announced in October, negotiations with the unions represented at the factory have played a crucial part in the outcome. Camford stated at the week-end that employees had "accepted the proposals in their entirety."

Camford also intends to stop making the conveyor systems and will use the factory to expand production of its present business—bolts and metal pressings for the car industry. This means most of the redundancies will be among King's administrative and clerical staff.

Camford takes on responsibility for all employees—whether they stay or are redundant—when the deal is completed on Friday.

It has been looking for a suitable site so that is can speed up its expansion programme. Its cash comes from the sale of a 20-acre plot at Luton, bought for £600,000 a year ago. The sale brought in £1.9m.

Terms of the deal are exceptionally favourable to Camford as the bulk of the purchase price is deferred interest free. Camford will pay £250,000 on completion and £500,000 on November 30, 1974 and 1975.

It says it will honour all King's existing contracts and will supply spares for "a limited period." It will also continue King's operations in pneumatic handling equipment, door gear, hoists and gravity conveyors.

Second man lost in round-the-world race

BY ALEC BEILBY

THE WHITBREAD round-the-world yacht race has claimed its second victim in less than a week.

Last night, Dominique Guillet, joint owner and skipper of the French yacht 33 Export, was reported lost overboard in the southern Indian Ocean. Last week, Paul Waterhouse, a British serviceman, was lost from the Italian yacht Tauranga.

It appears that both accidents occurred at night in heavy seas and in winds of 50 m.p.h. or more.

Some observers think those competing may not be sticking to the stringent safety rules imposed by owners ocean-racing nearer home in rough weather at night, and that they have not been wearing safety harnesses while on deck, perhaps because of over-confidence after seven or eight weeks at sea.

The French yacht Pen Duick VI still leads the fleet on handicap on the second stage from Cape Town to Sydney, and the Royal Naval yacht Adventure seems to be narrowly holding her own on handicap on the overall distance from Portsmouth.

JOINT ANNOUNCEMENT

ELSBURG GOLD MINING COMPANY LIMITED
("Elsburg")

WESTERN AREAS GOLD MINING COMPANY LIMITED
("Western Areas")

(Both incorporated in the Republic of South Africa)

PROPOSED RATIONALISATION OF OPERATIONS

In a joint announcement published in the press on 25th September, 1973, members of Elsburg and Western Areas were informed that discussions were taking place with a view to the merging of their companies' respective mining operations and that approval in principle for such a merger was being sought from the Minister of Mines.

A detailed technical and financial study of the advantages arising from such a merger has now been completed, and shows that it should result in considerable benefits to both companies. This study has, however, also revealed that a merger based on current market prices, or an average of market prices in recent months, of their respective units of stock would be to the detriment of Western Areas' stockholders.

It is expected that the recovery grade at Western Areas will improve from 1974, now that the increased flow of water encountered during August 1972, has largely been overcome and the operational limitations imposed by the enforced withdrawal from the high grade area have been removed. Taking this into account, and after examining in detail the longer term prospects for the two mines, the directors of both companies consider that the value of a Western Areas stock unit in relation to that of an Elsburg stock unit should be higher than current market prices would seem to indicate.

Subject to the approval of the members of the two companies concerned and of the Committees of the Johannesburg and London Stock Exchanges, and of the appropriate authorities, it is the intention to merge the companies by means of a Scheme of Arrangement.

It is proposed that stockholders of Elsburg will receive 65 units of stock in Western Areas for every 100 units of stock held in Elsburg. The directors of both companies consider these terms to be fair and equitable and recommend their acceptance by stockholders.

The directors of Elsburg will apply to the Supreme Court for the convening of the statutory meeting of stockholders to approve the Scheme of Arrangement. An Extraordinary General Meeting of stockholders of Western Areas will also be convened for the same date to approve the Scheme of Arrangement and to authorise an increase in that company's equity.

The documents supporting the proposals for the Scheme of Arrangement, and advising members of the date of these meetings, will be posted in due course.

BY ORDER OF THE BOARDS.
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries,
per: D. F. R. Brumage.

26th November, 1973.

WADES DEPARTMENTAL STORES LIMITED

A Successful Year's Trading

The 41st Annual General Meeting of Wades Departmental Stores Limited was held on 23rd November in Sheffield. The following are extracts from the circulated statement of the Chairman.

The Group trading profit before taxation and before the adjustment of the provision for unmatured profit has increased to £946,262 (£621,972). The unmatured profit provision is increased by £135,489 (£161,860). After taxation which takes £382,255 (£188,649), the net profit is £428,518 (£271,463).

The new stores at Kings Lynn and Darlington opened during the year are now trading profitably. Premises at Carlisle and Whitehaven have been acquired since the end of the financial year and after complete refitting, will be open for business towards the end of 1973. The programme of modernisation is being continued and improvements at Manchester, Bishop Auckland, Sunderland, Exeter, Doncaster and Barnsley should benefit the current year's trading.

A final dividend of 5.6% net (equivalent to 8% gross before A.C.T.) on the capital as increased last November has been recommended making a total dividend of 9.1% net for the year on the Share Capital as now constituted compared with the equivalent of 7.584% net for the previous year. Your Company being a Close Company the Treasury has confirmed that it will raise no objection to this distribution.

In view of the excellent trading results, the Board has recommended a Capitalisation Issue to all Shareholders in the ratio of one Non-Voting 'A' Ordinary Share for every five Ordinary Shares, Non-Voting 'A' Ordinary Shares or Incentive Shares held. Subject to current legislation, it is expected to maintain the rate of dividend on the increased capital.

The Report and Accounts were adopted and the proposed Capitalisation Issue approved.

Government housing land policy questioned

A CONSULTANT's report published to-day by the Northern Counties Federation of Building Trades Employers questions Government policy on the supply of land for building housing.

The report, drawn up by planning consultants Mark Liell and Son, of London, finds the house-building rate on the Teesside is such that all available land will be used up much quicker than expected, unless sites "with physical defects are improved."

In June there was a nine-year supply of building land in the private sector and a six-year supply in the local authority sector, it says. However, if all sites with difficulties such as lack of services were excluded, the private land supply would drop to just over five years against four years for public land.

If sites where construction had begun at the time of the survey were also excluded, the total land available for private building would drop to about four years' supply—below the five-year availability target called for by the Government.

The consultants say their survey throws doubt on whether the Government five-year formula should be accepted. In Teesside, planning based on this formula underestimated the rate at which residential building land would be used up.

They urge the Northern Counties Federation to press Teesside Council to improve the condition of land available in the private sector. The fact that a large proportion of land earmarked for private building is owned or controlled by the council makes the immediate position less favourable to private sector builders, says the report.

CIR urges new attitude to white-collar unions

BY JOHN WYLES, LABOUR REPORTER

ENGINEERING and chemical employers are urged in a Commission on Industrial Relations study published to-day to modernise their recognition policies to take into account the development of white-collar unions.

Industrial companies in general are advised to work out a company policy on all aspects of white-collar union recognition and to seek a joint development of the policy with the unions concerned.

Some of the problems facing the chemical and engineering employers, in particular stemming from the mounting competition between white-collar unions for members and recognition, are pointed out in the study.

Out-of-date

The Engineering Employers Federation's existing recognition arrangements were found to be now out-of-date "because white-collar unionism has developed to a much greater extent than was originally thought likely and many new situations have arisen."

It is noted that the EEF's attempts to achieve a comprehensive revision of its six procedural and recognition agreements with white-collar unions have so far been unsuccessful. A new single national agreement with three clerical unions signed in September which replaces three separate agreements, is welcomed as a step in the right direction but the CIR points to problems in the technical field which need tackling.

Many of these stem from competition in engineering between the Association of Scientific, Technical and Managerial Staffs and the Amalgamated Union of Engineering Workers' technical and supervisory section (TASS). Neither of the unions appears to recognise a sphere of influence for the other.

ASTMS recruitment throughout the technical areas had induced TASS to extend its recruitment drive into areas not specifically covered by its national agreement. "The resulting competition for members has produced open inter-union conflict in a number of companies," says the CIR.

Guidelines

In addition, says the CIR, the situation in engineering has been further complicated because of moves by ASTMS and TASS into the clerical field—despite the fact that neither has an agreement with the EEF for clerical workers.

The EEF and the unions are urged to agree general guidelines to lessen the problems of multi-unionism which are clearly apparent at plant level.

Turning to the chemical industry, the CIR found no common pattern of bargaining units and agents. This is largely due to policy guidelines laid down by the employers' organisation, the Chemical Industries' Association, which seeks to avoid multi-union recognition and inter-union competition.

Unlike the EEF, the CIA's policy specifies the various forms which recognition may take and lays down requirements more demanding that the EEF's. In particular, the CIA feels that recognition should be granted only on a formal and exclusive basis.

The value of the CIA's advice would be enhanced, says the study, if the policy was the result of joint agreement with the trade unions. Investigators found a "growing body of opinion" among the CIA's membership in favour of such an agreement at national level.

At company level throughout industry, the CIR urges the development of recognition policies covering trade union representation of clerical, technical and other non-managerial staff, foremen and supervisors, and managerial and professional employees.

Details should be worked out of the degree of recognition to be granted, appropriate bargaining units, training requirements, facilities for union representatives, consultative and negotiating machinery and the timing of management initiatives over recognition.

This is the kind of response the CIR believes necessary to the growth of white collar-unions which appears to show no sign of tailing off. Between 1948 and 1969 white-collar membership increased from 2m. to 3m., and in 1970 the actual membership as a percentage of potential membership was 38 per cent.

Reasons

Reduced security of employment, the growth of bureaucracy, an erosion of earnings differentials between white-collar and manual workers may all be reasons accounting for the growth, says the CIR.

However, the study says that many employers, when faced with a claim for recognition, "feel that they are to blame, that they have in some way failed and that the claim represents a vote of no confidence in them by their white-collar employees."

The CIR concludes that "those managements who accept white-collar unionism and take a positive rather than a negative attitude to the implications of recognition are able to deal more successfully with their subsequent involvement with unions in joint discussions and negotiations."

CIR Study 3: Recognition of white-collar unions in Engineering and Chemicals SO 50p

These securities were offered and sold outside the United States. This announcement appears as a matter of record.

NEW ISSUE

November 26, 1973

VETCO

280,000 Shares

Vetco Offshore Industries, Inc.

Common Stock
(Par Value $.50 Per Share)

Merrill Lynch, Pierce, Fenner & Smith Securities Underwriter Limited

Banque de Neuflize, Schlumberger, Mallet

Swiss Bank Corporation (Overseas) Limited

Algemene Bank Nederland N.V. — Amsterdam-Rotterdam Bank N.V. — Julius Baer International Limited

Banca Commerciale Italiana — Bank Mees & Hope NV — Bankhaus Marcard & Co.

Banque de Bruxelles S.A. — Banque de l'Indochine — Banque Lambert S.C.S.

Banque Nationale de Paris — Banque de Paris et des Pays-Bas — Banque Privée — Banque Rothschild

Banque de Suez et de l'Union des Mines — Banque de l'Union Européenne

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Cazenove & Co. — Commerzbank AG/Crédit Lyonnais

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Sloman Bank K.G. — Smith, Barney International Incorporated — Société Générale

Société Générale de Banque S.A. — Trident International Finance Limited — C. G. Trinkaus & Burkhardt

Union de Banques Arabes et Françaises—U.B.A.F. — Vereinsbank in Hamburg — Wako Securities Co., Ltd.

S. G. Warburg & Co. Ltd. — Wardley Limited — Westdeutsche Landesbank Girozentrale — White, Weld & Co. Limited

F.T. SHARE INFORMATION SERVICE

BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
15J	15D	Conv. 5½pc 1974	96¹¹⁄₁₆xd	8.11	5.43	11.70
10M	10S	Treasury 5½pc 1974	95½	6.8	5.76	11.55
11J	11D	Treasury 6¾pc 1974	95⅞xd	12.11	7.07	11.95
15F	15A	Treasury 6pc 1975	93½	25.6	6.41	11.97
—		Treas. 8pc '75	94⅝	12.11	8.46	12.17
15F	15A	Savings 3pc '65-75	90	9.7	3.33	9.42
1M	1S	Exch. 6½pc 1976	88¾	26.7	7.32	12.35
15F	15A	Treasury 6½pc 1976	86⅜	9.7	7.49	12.37
1M	1S	Victory 4pc 1976	95½	26.7	4.19	7.70
—		Treasury 10½pc 1976●	95¼xd	12.11	11.03	12.46
10M	10S	Treasury 6¼pc 1977	84¼	6.8	7.42	12.23
15M	15S	Electric 3pc '74-77	83½	9.8	3.59	8.87
20J	20D	Transport 4pc '72-77	79½xd	12.11	5.03	10.30
15M	15S	Treasury 9pc 1978	88⅛	9.8	10.20	12.65
26M	26S	Exchequer 5pc '76-78	77¾	20.8	6.45	11.14
		Five to Fifteen Years				
17M	17S	Treasury 3pc 1979●	68¼	13.8	4.43	10.58
26M	26S	Electric 4¼pc '74-79	72½	20.8	5.90	10.83
15M	15N	Do. 3½pc '76-79	68¼	1.10	5.10	10.75
3M	3S	Treasury 9pc 1980●	87½	30.7	10.52	12.37
15J	15D	Treasury 3½pc '77-80	67½xd	12.11	5.20	10.54
15J	15D	Funding 5¼pc '78-80	71⅝xd	12.11	7.30	11.47
15F	15A	Treasury 3½pc '79-81	65⅝	9.7	5.41	10.62
15J	15J	Do. 8¼pc '80-82	84½	8.6	10.44	12.15
15J	15J	Funding 5½pc '82-84	69⅜	8.6	8.13	10.83
10J	10J	Treasury 8½pc '84-86	81¼	4.6	10.82	11.81
1M	1N	Funding 6½pc '85-87	66½	25.9	9.83	11.53
26J	26J	Treasury 7¾pc '85-88	74	15.10	10.85	11.98
1J	1J	Transport 3pc '78-88	45⅝	25.5	6.75	10.54
		Over Fifteen Years				
15A	15O	Treasury 5pc '86-89	54⅝	10.9	9.24	11.28
15J	15D	Treasury 8½pc '87-90	72¾	8.11	11.25	12.00

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

PUBLIC BOARD AND OTHER LOANS

FOREIGN BONDS AND RAILS

U.S. $ DM Prices exclude inv. $ premium

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S.E. List Premium 25¾% (based on $2.3618 per £)

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S.E. List Premium 25¾% (based on $2.3576 per £)

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £250 per annum for each security.

For Notes, see page 37

BANKS AND HIRE PURCHASE

Hire Purchase etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS, ETC.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING AND METAL

ENGINEERING AND METAL—Cont.

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS—(Miscell.)

INDUSTRIALS—Continued

Dividends Paid		Stock	Price	Last xd	Net Div.	Cvr	Yld pc	P/E
Sept.	June	Wire & Plastic 10p	33	30.4	22	2.2	9.5	6.9
Sept.	Mar.	Witter (Thomas)	40	15.10	Q15	1.5	8.5	11.5
Jan.	May	Wolstenholme	230xd	12.11	†20.6	3.8	3.2	11.7
June		Wood & Sons 5p	$16\frac{1}{2}$	30.4	9.1	2.4	5.9	15.3
Jan.	Jul.	Wood (W.) 10p	24	4.6	$8\frac{3}{4}$	2.1	5.2	13.2
December		Wood Hall	115xd	12.11	14.7	3.2	4.6	8.2
April	Sept.	Yelton Furn. 5p	$9\frac{3}{4}$	30.7	6.3	2.2	4.9	13.6
October		Zetters 5p	42	17.9	d17.6	4.6	3.0	10.3

††INSURANCE

Dividends Paid		Stock	Price	Last xd	Net Div.	Cvr	Yld pc	P/E
July	Jan.	Brentnall Bd. 10p	113	2.7	Qt37	h3.3	3.3	13.0
Sept.	Apr.	Britannic 5p	168	30.7	†121	—	5.2	—
F.M.S.D.		Comb. Ins. Am.$1	530	15.10	Q34c	—	3.6	—
Nov.	May	Comm. Union	153	15.10	Q34.6	—	5.7	—
Jan.	July	Eagle Star	135	4.6	†h$16\frac{1}{2}$	—	4.4	—
Nov.	May	Economic £1	320	15.10	9.8	—	4.4	—
May		Equity & Law 5p	238	30.4	91.9	—	2.8	—
Apr.	Sept.	Fenchurch 10p	42	15.10	Qh30	1.3	7.1	25.7
Apr.	Sept.	Do. "A" 10p	42	15.10	Qh30	1.3	7.1	15.7
Dec.	June	Gen. Accident	151	29.10	†19.1	—	4.5	—
Nov.	May	Granges 10p	54	13.8	♦15	1.8	3.7	21.2
Jan.	June	Guardian Royal	185xd	12.11	†27.5	—	5.1	—
Nov.	May	Hallord Sh'd 10p	113xd	12.11	Qt60	1.9	5.5	16.9
Apr.	June	Heath (C.E.) 20p	240	14.5	$36\frac{1}{4}$	2.3	4.4	24.0
Dec.	Apr.	Howden (A.) 10p	95xd	12.11	Qh$26\frac{1}{2}$	3.0	2.8	16.9
Dec.	May	Legal & Gen. 5p	149xd	12.11	†77.2	—	3.7	—
Sept.	May	Les. & Gdsn. 10p	105	3.9	h30.6	2.2	4.2	15.5
Nov.	May	Lon. & Man. 5p	143	30.4	†75	—	3.8	—
Nov.	May	Matthew Wr. 20p	197	4.6	†28.9	2.1	4.2	15.8
Nov.	June	Minet Hldgs. 20p	253xd	12.11	†b15.2	3.9	1.7	21.1
—	—	Motor & Gen. S50c.	81xc	—	Q35	2.1	1.9	18.4
Jan.	June	Orion 50p	234xd	12.11	11.5	—	3.5	—
Oct.	June	Pearl 5p	248	9.4	Qt23.6	—	4.6	—
Dec.	June	Phoenix	210	12.11	†27.9	—	4.8	—
Jan.	May	Provident "A"	146	30.4	†22	—	5.5	—
Jan.	May	Do. "B"	146	30.4	†22	—	5.5	—
Nov.	May	Prudential 5p	142	9.4	†87.4	—	4.5	—
Nov.	April	Refuge "B" 5p	156	26.3	112	—	5.2	—
Nov.	June	Royal	270xd	12.11	Q†63	—	5.8	—
S. Jan.	Ap.	Sedg. Forbes 10p	268	12.3	Qu100	1.7	3.7	22.0
Oct.	Apr.	Slaplegreen	288	3.9	42.6	2.2	5.3	12.0
Oct.	Apr.	Stenhouse	121	13.8	Q†17	2.2	3.5	17.8
Jan.	July	Sun Alliance £1	398xd	12.11	†13.6	—	4.9	—
June	Dec.	Sun Life 5p	97	29.10	44.1	—	3.2	—
July		T'sh. Mar'e EDR.	800	18.7	Q11	—	0.9	—
Sept.	May	Trade Indem.	192	1.10	†22	—	4.1	—

MACHINE TOOLS

Dividends Paid		Stock	Price	Last xd	Net Div.	Cvr	Yld pc	P/E
Oct.	Apr.	Brooke Tool	$29\frac{1}{2}$	8.68	—	—	—	—
Mar.	Oct.	Elliott (B.)	65	3.9	14	1.1	7.7	10.1
—		Herbert (A.) £1	$32\frac{1}{2}$	12.71	—	—	—	—
Jan.	May	Herbert (E.G.)	53	3.9	7.7	2.8	5.2	9.8
Mar.	Sept.	Jerons C'per 10p	55	13.8	Q45	†2.6	8.2	—
May	Oct.	Jones Shipman	93	17.9	†14.7	2.2	5.6	11.7
Oct.	Apr.	Meggitt 5p	$12\frac{1}{2}$	29.1	Q4	1.3	1.6	67.8
Sept.		Newall 10p	13	8.71	—	—	—	—
Jan.	Oct.	Norton (W.E.) 5p	$17\frac{1}{2}$	13.8	d$10\frac{1}{2}$	0.4	4.3	—
May	Nov.	Startrite 20p	60	9.4	13.2	1.9	6.6	11.6
Jan.	May	Wadkin 50p	97	30.4	18	2.5	6.0	9.5

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Continued

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OILS—Continued

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES—CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIANS

TINS

COPPER

MISCELLANEOUS

THE LEX COLUMN

Arguments about the SIH minority

Everybody concerned must be hoping that the bid for Shipping Industrial Holdings by the Vlasov/Capitalfin consortium will not be referred to the Monopolies Commission. The bidder has already committed some £50m. at negligible rates of return, and would seem to have little option but to sit any reference out. Both Vlasov and SIH are anxious to avoid a further period of uncertainty, not least because major SIH interests outside shipowning—ship and insurance broking—are substantially goodwill businesses. Valuations of SIH's fleet, of which more later, could well look rather different in a few months' time. Finally, if the bid were to be deemed against the public interest, the Government would find itself landed with a red hot political potato, since the foreign-based consortium already has control.

The Government's decision is expected in the very near future: meanwhile Vlasov and SIH are still talking politely, but about totally different numbers. The basic argument is not, of course, about the price or the future of the non-shipowning interests, but about the value of the fleet, where SIH's sums seem to come out as much as 50 per cent. higher than Vlasov's. Its estimate of the fleet's net worth — around 550p per share gross of tax—is supported by an independent valuation at open market prices. The problem is that since the start of the Middle East War there simply has not been a market.

Freight rates, however, have plummeted—Mullion's tanker index stands at roughly half its autumn peak—and that obviously has a bearing on second hand values. Going back to the last cycle, shipping consultants H. P. Drewry reckon that the price of a 50,000 ton bulk carrier rose by over two-thirds in 1970, and dropped by more than a third in 1971. SIH's fleet—big bulk carriers and OBO's, and no tankers—could well be much less volatile, especially given the rapid increases in new building costs, and the current freight market is severely distorted. But it is very much an open question how far rates will recover once the Middle East question is settled.

Plainly, the SIH Board's job is to get as high a price as possible for the minority. Equally plainly, Vlasov is interested in securing its agreement: the goodwill element in shipbroking — especially this division's work for Esso — is relevant here, as is the point that the bidder apparently wants to expand on a London base. The fact remains that the consortium already has 61 per cent. of the equity under its belt, and its bid is unconditional. If, from this kind of base, it is obliged to make a significant improvement on its existing terms, then SIH will have scored a notable triumph.

Jessel Securities

Jessel's annual report makes a brave call for profits to be shared more equitably between manufacturing industry on the one hand and financiers and property owners on the other. Yet the accounts show clearly that making money was — as usual — easier in the City last year, with London Indemnity's capital value up £12.3m. The group emerges as more of an insurance operation than anything else, with LIG accounting for 41p a share out of an overall net worth of maybe double that, after making crude allowances for the impact of the market slide on the June 30 equity investment valuations.

The London Indemnity coup was achieved through heavy sales of ten-year maximum income bonds—around £70m.—the income on which was not maximum enough to prevent the very profitable matching against dated fixed-interest stocks. Competition has seriously squeezed margins on new business more recently, however, so the insurance company may have to look elsewhere for growth (hence, perhaps, the Houseowners' Fund).

See also Page 34

Joseph Lucas

Down more than a fifth in two weeks, the Lucas share price has been trying to get to grips with problems more menacing than the usual run of motor industry strikes. If it comes to a slowdown in car output, Lucas—which is 92 per cent. motor and aerospace in sales terms—has no obvious protection. The shares, of course, can look to a p/e of 8 for solace—except that the report suggests a p/e nearer 13 on a replacement cost accounting basis.

See also Page 34

Dunford & Elliott

It has already been noted that if Dunford and Elliott could lift the Brown Bayley Steels acquisition's profit margins up to the level of its own Dunford Hadfields operation, BBS would be capable of making £1½m. pre-tax. Yesterday, Dunford brought us. down from possibilities to necessities, by working out that to avoid dilution of its net 1972-73 earnings of 10.92p a share, BBS needs to make £641,000 pre-tax; and from necessities to hard facts, like the losses BBS has reported over the past 18 months—although BBS is making happier noises about its prospects.

Meanwhile, Dunford's own annual report gives some idea of the limitations imposed upon a small company which is trying to get big. There is a certain freedom in the p and l account, where the amount charged for leasing amounts to £74,000, against payments actually made of £199,000, with the remainder capitalised into a leasing equalisation account in the balance-sheet. However, other more balance-sheet items are more restrictive: loans from First National City Bank require the creation of a loan redemption reserve, with transfers going in on the basis of 50 per cent. of profits above a predetermined level; while one cost of the stake in Johnson and Firth Brown—in the books at £3.7m. following Dunford's abortive bid for Firth Brown early this year—is that 50 per cent. of any excess of the aggregate proceeds of sale over £3.9m. will be paid to the vendors.

See also Page 35

Weather

U.K. TO-DAY

COLD, with frost, night morning. Sunny periods in South, snow showers in Scotland and high ground in Wales and the North.

London, S.E. and Cent. S. England, Midlands
Mainly dry, sunny periods. Wind N.W., moderate. Max. 6C (43F).

E. and N.E. England, E. Anglia, Borders, Edinburgh and Scotland
Sunny periods, scattered showers. Wind N.W., moderate or fresh. Max. 6C (43F).

Channel Is., S.W., N.W. and Cent. England, Wales, Lakes, I. of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland
Sunny periods, isolated showers. Wind N., moderate. Max. 7C (45F).

Aberdeen, Cent. Highlands, Moray Firth, Caithness, N.E. Scotland, Orkney, Shetland
Sunny intervals, occasional snow showers. Wind N., fresh or strong. Max. 3C (37F).

Outlook: Mainly cold, bright with widespread frost.

Lighting-up: London, [illegible] Manchester 16.29, Glasgow [illegible] Belfast 16.38.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	C	19	66	Luxembourg	F	[illegible]	[illegible]
Amstrdm.	S	6	43	Madrid	S	[illegible]	[illegible]
Athens	S	18	64	Manchester	S	[illegible]	[illegible]
Bahrain	S	25	77	Melbourne	C	[illegible]	[illegible]
Beirut	S	17	63	Mexico C.	S	[illegible]	[illegible]
Belfast	F	3	37	Milan	S	[illegible]	[illegible]
Belgrade	S	17	63	Moscow	C	[illegible]	[illegible]
Berlin	F	4	39	Munich	S	[illegible]	[illegible]
Birmghm.	C	5	41	Newcastle	C	[illegible]	[illegible]
Bristol	C	8	46	Oslo	S	[illegible]	[illegible]
Brussels	S	7	45	Paris	C	[illegible]	[illegible]
Budapest	C	7	45	Perth	S	[illegible]	[illegible]
B. Aires	S	23	73	Prague	S	[illegible]	[illegible]
Cairo	S	22	72	Reykjavik	S	[illegible]	[illegible]
Cardiff	F	8	46	Rio de J'o	R	[illegible]	[illegible]
Cologne	S	6	43	Rome	C	[illegible]	[illegible]
Copnhagn.	C	1	34	Singapore	C	[illegible]	[illegible]
Dublin	C	6	43	Stockholm	F	[illegible]	[illegible]
Edinb'rgh	S	2	36	Strasbourg	R	[illegible]	[illegible]
Frankfurt	F	6	43	Sydney	C	[illegible]	[illegible]
Geneva	S	12	54	Tehran	C	[illegible]	[illegible]
Glasgow	S	2	36	Tel Aviv	S	[illegible]	[illegible]
Helsinki	F	−12	10	Tokyo	S	[illegible]	[illegible]
H. Kong	C	19	66	Vienna	R	[illegible]	[illegible]
Jo'burg	S	21	70	Warsaw	C	[illegible]	[illegible]
Lisbon	S	16	61	Zurich	C	[illegible]	[illegible]
London	R	7	45				

HOLIDAY RESORTS

Ajaccio	C	16	61	Jersey	C	[illegible]	[illegible]
Algiers	F	20	68	Las Plms.	S	[illegible]	[illegible]
Barcelona	S	15	59	Locarno	F	[illegible]	[illegible]
Biarritz	C	13	55	Luxor	S	[illegible]	[illegible]
Blackpool	S	6	43	Majorca	S	[illegible]	[illegible]
Bordeaux	C	9	48	Malaga	C	[illegible]	[illegible]
Boulogne	C	7	45	Nairobi	S	[illegible]	[illegible]
Cape Tn.	C	25	77	Malta	C	[illegible]	[illegible]
Corfu	F	17	63	Naples	C	[illegible]	[illegible]
Dubrovnik	C	15	59	Nice	S	[illegible]	[illegible]
Faro	C	20	68	Nicosia	S	[illegible]	[illegible]
Florence	C	15	59	Oporto	S	[illegible]	[illegible]
Funchal	C	20	68	Rhodes	F	[illegible]	[illegible]
Guernsey	D	9	48	Salzburg	R	[illegible]	[illegible]
Innsbruck	F	5	41	Tenerife	S	[illegible]	[illegible]
Inverness	F	1	34	Tunis	S	[illegible]	[illegible]
I. of Man	C	7	45	Valencia	S	[illegible]	[illegible]
Istanbul	F	15	59	Venice	C	[illegible]	[illegible]

S—Sunny, F—Fair, C—Cloudy, R—Rain, D—Drizzle, Sl—Sleet.

Lombard

It's time our world began to grow up

BY C. GORDON TETHER

THE fashionable new theme is that the "disarray" in which the oil crisis has found the EEC calls for a speed-up of all forms of Common Market integration. In this way, we are told, the "Nine" can be turned into a bloc capable of taking on any other groups that care to throw down a challenge in future. Yet it is surely arguable that what recent events have really done is to spotlight the need for Europe to strike an entirely new note—to strive to reverse the processes that are resulting in the power to determine the fate of the world's 3,800m. people being entrusted to a handful of politicians.

Two men—Mr. Nixon and Dr. Kissinger—are effectively running America's "Big Power" set-up. Two others—Mr. Kosygin and Mr. Brezhnev—run its Russian counterpart and the Middle East oil version that is currently making so much of the running is operated by fewer sheikhs than you could count on the fingers of one hand.

Now the heat is on to turn the "Nine" into a bloc which would presumably have similarly "well-defined" leadership. Herr Willy Brandt, the West German Chancellor, called for urgent steps towards the formation of a European Government with sovereign rights. And we are told that the French Foreign Minister's recent call for "untiring efforts to build Europe," is to be interpreted to mean that France is now prepared to make concessions to her EEC partners to achieve for Europe a stature comparable with that of Russia and America.

Discretion

Pro-Marketeers everywhere join in to assert that we must all be prepared to do whatever is necessary to ensure that Europe is never again found so "disunited." That means, so the theory runs, setting the integration sights much higher than economic and monetary union. Indeed, because the immense difficulties this part of the togetherness crusade is encountering can no longer be glossed over, some are arguing that we should by-pass it for the present and head straight for political unification.

The assumption underlying the new enthusiasm for forming an EEC power bloc is that, given such a set-up, the oil crisis would have been less damaging to Europe. I wonder. The Arab countries' threat to reduce the flow of oil to a trickle if they are pushed too far and blow up the installations in the event of armed intervention reminds us that discretion in such matters is often the better part of valour.

The broad effect of being "disunited" has been to cause the "Nine" to show a discretion that has prevented the worst coming to the worst. Would it have been the same if they had had the "benefit" of a centralised leadership of the Nixon-Kissinger type which would have been under strong pressure to identify itself totally and unequivocally with one course of action rather than another?

Vietnam

There are other highly important points that are almost invariably disregarded in efforts to present the creation of a European power bloc as a self-evident good cause. Because the form of government that emerges in such circumstances stands very little chance of being democratic, the concentration of power at the top is accomplished at the cost of creating serious divisions lower down.

We all know how divisive Vietnam was for the Americans. And no one imagines that the Brezhnev-Kosygin directorate enjoys the full-hearted support of the Russian nation, let alone that of the populations of the satellites. How much true unification would an EEC equivalent, assembling nine different nations under one banner, achieve when—to take one example—the people of Belgium cannot even agree to sink their differences over language.

The real need is to win the world over to a way of life based on co-operation rather than heavyweight competition—and never was the need for collaboration in every direction so apparent. One need look no further than the size of the global arms bill to see how far the power bloc form of organisation can be relied upon to do that.

Europe, we are told, was the cradle of civilisation. Let it now devote itself to resuscitating it. Which means spreading the gospel that it is time the world began to grow up and turned its back for good on the essentially immature "great power" phenomenon.

Oil embargo forces Nixon to take further action

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, Nov. 25.

THE ARAB oil embargo is finally forcing President Nixon to restrict America's energy consumption by law, only a few days after he threatened reprisals against producers who withheld their supplies much longer.

Although the Administration still rejects a return to wartime rationing, the President announced a number of other measures to conserve supplies which fall just short of this, in a television address to the nation this evening.

The most spectacular is an outright ban on Sunday petrol sales in an effort to curb weekend pleasure driving coupled with restrictions on display lighting that will darken shop windows this Christmas. There will also be a 50 mph speed limit on cars and a 55 mph limit on lorries.

The Administration hopes for immediate voluntary compliance, although the measures will not become law until the President's energy Bill is passed by the Congress.

In addition, the President has moved immediately, under authority he already possesses, to cut back supplies of heating oil, aviation fuel and petrol reaching distributors from the refinery by between 10 and 25 per cent.

In tactical terms, the Administration still hopes that the Arab oil producers will be encouraged to relax their total oil embargo against the U.S. by the opening of formal Middle East talks next month. So saving it the embarrassing task of taking the unspecified reprisals Dr. Kissinger, Secretary of State, spoke of at his Press conference last week.

In the meantime, the latest batch of energy restrictions, combined with the President's unexpected appearance on television this evening to announce them, has both underlined the gravity with which the Administration now sees the situation and added to its enemies' belief that it has underestimated the seriousness of the country's position in the past.

Over the past few days, the energy debate in the U.S. has been taking on an increasingly partisan tone. This is perhaps inevitable in a country bitterly divided by the Watergate affair, but it still offers a poor omen for the future, particularly where legislative authority is needed for the conservation measures the Administration proposes.

Over the week-end, for instance, Mr. Carl Albert, Speaker of the House of Representatives, reacted angrily to President Nixon's accusation at his Orlando Press conference that Congress was aggravating the crisis by dragging its feet over the legislation he had proposed.

In a 22-page statement, Mr. Albert accused the Administration of "deceiving the American people with regard to both the severity and the causes of the oil shortage." The Washington Post points out acidly this morning that only one of the seven Bills delayed in Congress offers any help at all this winter.

The truth is that neither party wants to accept responsibility for an energy shortage that threatens to produce an economic slowdown next year, as well as discomfort this winter. For President Nixon, the dangers are doubly severe.

In the first place, his latest attempt to convince the public he is innocent of the Watergate charges and will tell all he knows has had only a limited success. And the general attitude of impatience that persists towards his handling of the crisis so far will not make the public any more understanding about the energy shortage.

Second, the Arab oil embargo is an embarrassing blemish on his foreign policy record, to which he has frequently appealed during the Watergate crisis as evidence that his Administration is still capable of working effectively for world peace.

If the restrictions are not lifted soon, it will be hard to resist the conclusion that the President is missing some good cards, even in his longest suit.

TUC chief confident on future of Britain

By Our Labour Staff

CRITICISM OF those who say that Britain is on the brink of economic crisis came last night from Mr. Len Murray, TUC general secretary.

Warning of the danger of talking ourselves into a crisis, Mr. Murray asserted that, basically, Britain has a very strong economy indeed.

"We can be confident in our future," he said, adding that the "self-appointed Jeremiahs who preach doom and gloom" are wrong.

Mr. Murray added that all the people wanted was an opportunity to show what they could really do. The Government must not lose its nerve in the face of temporary economic problems.

"Certainly we have economic problems—but they must not be exaggerated," he said. "Why should we get the jitters because we are temporarily importing 3 per cent. or 4 per cent. more than we are exporting?"

On wages, Mr. Murray thought it crucial that the Government should give unions and employers enough room to make sensible wage settlements. The miners', ambulancemen's, and power engineers' disputes could, he was confident, all be settled on a reasonable basis if the Government would not take "such an intransigent attitude."

"It is to economic expansion that we must look to strengthen our balance of payments, and improve our standard of living."

Strike at Shell Italiana over fears of sale

BY ANTHONY ROBINSON

ROME, Nov. 25.

EMPLOYEES AT the Genoa headquarters of Shell Italiana have called a strike to-morrow to try to protect their jobs because they believe there is an agreement to sell control of the company to ENI, the State oil and energy corporation.

There has been no official confirmation from ENI or the State Shareholdings Ministry that the deal has been concluded.

Negotiations for the sale of Shell Italiana began early this summer, following ENI's failure to buy the refineries and service stations of BP Italiana, which went instead to the independent Monti group.

ENI is particularly interested in gaining control of Shell's three refineries at La Spezia, RHO (Milan), and Taranto, and in obtaining guarantees of future crude oil supplies. The Royal Dutch Shell group is, however, rated in the "crude short" groups.

ENI has been obliged to step up its negotiations for increased crude supplies and refinery capacity in order to fulfil an expanded role as principal energy supplier to the Italian market mapped out for it recently by Italian politicians and economic planners.

Another deal under negotiation concerns Iran where, in return for further gas and oil supplies, ENI is offering technical assistance, construction of a pipeline, and, significantly, participation in downstream distribution facilities. This has aroused speculation here that Iran could well be offered a minority share in the Shell Italiana assets if the deal goes through.

£320m. assets

The Shell-ENI talks are being handled by Mr. Norman Bain, of Shell Italiana, and Sig. Lorenzo Roasio, managing director of AGIP and the man in charge of co-ordinating ENI gas and petroleum activities.

Shell is believed to want to continue its presence in the Italian market, particularly in the bunkerage and aircraft supply field. In this case, Shell will probably retain a minority holding, possibly alongside Iran or another producing country, in Shell Italiana whose assets, before the recent increase in petroleum and oil prices, were valued at around L450,000m. (approximately £320m.).

The purchase of a majority stake in Shell therefore faces ENI with considerable foreign exchange and financing problems, particularly at this time when Italy is suffering a sharp deterioration in the balance of payments.

Conclusion of the Shell-ENI deal, therefore, is expected to depend to a major extent upon these two factors whose solution in turn depends mainly on an increase in ENI State-provided capital endowment fund and large scale recourse to international capital markets.

New Bristol air services

NEW SERVICES will be opened from Bristol Airport in the spring—two of them to Europe.

On three days a week there will be flights between Lulsgate and Amsterdam. They will be operated by Dan-Air, using a 48-seat Hawker Siddeley aircraft. The single fare is expected to be just over £22.

Security corridor along border 'not acceptable' to Dublin

BY DOMINICK J. COYLE

DUBLIN, Nov. 25.

A PROPOSAL for a 20-mile-wide security corridor spanning the Irish border along its 300-mile length from County Donegal to Carlingford Lough is not acceptable to the Dublin Government, according to Dr. Garret FitzGerald, the Minister for Foreign Affairs.

The corridor plan, designed to facilitate a concerted security campaign against the Provisional IRA on both sides of the border by members of the Irish Police and the Royal Ulster Constabulary, was first put forward earlier this year by Mr. Roy Bradford, a senior Minister in the former Stormont administration.

Significant

Mr. Bradford, a leading pledged Unionist member of the Northern Ireland Assembly, was a member of Mr. Brian Faulkner's negotiating team in the protracted talks with the Alliance Party and the SDLP on the formation of a power-sharing executive, in Belfast.

His proposal has now taken on significant electoral implications in the crucial by-election in the border constituency of Monaghan on Tuesday next, where the Irish Unity candidate, Mr. Padraig Mooney, is claiming that Dublin is shortly to allow RUC patrols to operate south of the frontier.

Dr. FitzGerald answered this charge in a speech in the constituency last night, where he was flanked on the platform by Mr. Liam Cosgrave, the Prime Minister, and practically the entire Dublin Cabinet. He said: "The suggestion that it is proposed to permit inter-penetration by security forces 10 miles on either side of the border is a falsehood and an invention . . . The people of Monaghan and other border counties need have no fears in this respect."

The Government here is anxious to negotiate, at tripartite talks next month with the British Government and representatives of the Northern Ireland Executive-designate, a common law enforcement area covering the whole of Ireland.

This would not, however, provide for any interchange of security personnel, but it might result in an accused being tried by the courts in the jurisdiction in which he was detained, irrespective of the part of Ireland where his alleged crime was committed.

Three die as IRA steps up Ulster violence

BY RHYS DAVID

BELFAST, Nov. 25.

IN THE expected violent reaction from extremists to the setting-up of the Northern Ireland Executive, three deaths were added this week-end to the toll in the province—including the 200th British Army victim.

Bombs were also placed outside the home of the province's Lord Chief Justice and in commercial premises. Two police stations came under rocket attack.

The soldier, Guardsman David Roberts, 25, Welsh Guards, from Holywell, Flintshire, died in Crossmaglen, a small border town in County Armagh which has seen the murder of more than 20 British soldiers in the last year.

The violence this week-end appears to have come entirely from the IRA side. One of the other two men who died was shot by troops after a bomb had been thrown at a patrol in the Divis Flats in Belfast. He was 17-year-old Michael Marley, an apprentice from the Falls Road area.

A civilian found the hooded body of a man in the market district of Belfast. The man, a 27-year-old Roman Catholic, had been severely beaten before being shot in the chest and neck.

● An opinion poll by Marplan for London Weekend Television found that 42 per cent. of the 413 people interviewed approve wholeheartedly of the new power-sharing executive in Northern Ireland, 33 per cent. approve with reservations, 8 per cent. disapprove but will give the plan a chance, and 17 per cent. disapprove wholeheartedly.

Highlands Board 'not opposed to oil moves'

BY OUR OWN CORRESPONDENT

ISLE OF SKYE, Nov. 25.

WHILE there is much in the Highlands and Islands which should be conserved, the Crofters Commission has told the Secretary for Scotland it cannot oppose oil developments on the grounds that the Highlands and Islands should remain as they are for the enjoyment of urban holidaymakers and nature lovers.

This would mean the crofting population, occupying almost one-quarter of the vast area, having to accept a depressed standard of living, or migrating.

The commission, with headquarters at Inverness, advises on matters relating to crofting, and submitted its memorandum—North Sea Oil Developments and their possible effects on Crofting—to the Minister before the Drumbuie public inquiry began two weeks ago.

Although it sees oil development as an opportunity rather than a danger, the commission is against the Drumbuie construction yard for oil production platforms.

"We conclude that the time scale is indeterminate, the construction forces will swamp the existing communities and the prospect of temporary employment for local people would be more than offset by the risk of damage to the tourist industry and other permanent sources of employment in the area."

In the commission's view, "This is not development, but the exploitation of local resources and local communities without proper regard to the welfare of those who will suffer the disruption and have the problem of dealing with the aftermath."

The situation might be different, the commission feels, if some assurance was provided that, at the end of the day, "permanent communities would remain, more viable than those existing."

A sudden influx of skilled labour would be much less damaging socially and culturally than the establishment of retirement and holiday homes, says the commission. Holiday homes create competition for local resources and set a higher standard of living—at the same time with no compensating advantage to the indigenous population, it claims.

The commission has not been represented at the public inquiry, adjourned until December 17, which is considering planning applications by John Mowlem and Co., and Taylor Woodrow Construction for a joint platform yard on tenanted croft land at Drumbuie.

Miners' ballot on offer unlikely

BY ROY ROGERS, LABOUR CORRESPONDENT

THE NATIONAL Union of Mineworkers' national executive is to meet soon after Wednesday's talks with the Prime Minister. However it seems unlikely it will decide to put the National Coal Board's £44m. offer to a ballot of members.

An executive decision to call a ballot—which NUM rules say must be held before a settlement can be made or a strike called—no appears unlikely before the next scheduled NUM meeting on December 13 unless the Downing Street talks throw up some new situation.

Chances of this appear remote. Mr. Heath is expected to impress on miners' leaders that there can be no improved pay offer, which would breach the Government's wages policy, and that they should accept the 13 per cent. package.

Some Government Ministers are believed to be exploring the possibility of rearranging the offer to spread the £44m. equally among the 260,000 miners to give each man an increase of about £4 a week instead of the present £2.30 to £9.37 spread.

But this does not seem possible under the Pay Code, because the higher increases stem from Stage Three's special "unsocial hours" payments which can be paid only to workers working those hours.

However, in theory at least, there would be nothing to stop the miners at the top agreeing to forgo their basic 7 per cent. increase plus 1 per cent. "flexibility" allowance in favour of those who do not qualify for the high increases.

While such a more equalised distribution of the £44m. might have helped to stave off the current industrial action earlier this month, there seems little chance of such a plan being accepted at this stage by the NUM.

To-day lost coal output is expected to increase dramatically from the average 25 per cent. to date.

Continued from Page 1

Israel agrees to talks

metre 101 have not been suspended but are due to resume to-morrow is taken in itself as a good omen.

This is the background to week-end speeches by Gen. Dayan, the Defence Minister, which at first sight seemed at complete variance with the impression prevailing that real progress was being made at Kilometre 101. He described the Egyptian stand as "very inflexible."

"We desire peace, but only a peace which includes the assurance of our survival. I hope that we will achieve both, but should I have to choose between peace without security for our State and security such as the Arabs will refuse to accept, I would choose the latter," he said.

● William Dullforce cabled last night from Cairo: The announcement from Tel Aviv that Israel has agreed in principle to attend a Middle East peace conference on December 18 has eased tension here. It will also strengthen President Anwar Sadat's position at the Arab Summit starting in Algiers to-morrow.

The Israeli announcement opens the way for a compromise agreement to-morrow on the key withdrawal issue, which has so far blocked full implementation of the cease-fire agreement.

Egypt has all along insisted that the conference should convene in December, despite Israel's objections that it could make no firm commitments until after the December 31 General Election.

In Algiers Mr. Ismail Fahmi, the Egyptian Foreign Minister, was quoted as saying that Egypt would attend the peace talks.

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